

# SCHEDULE A

## AN ANNUAL BUDGET AND SUPPORTING DOCUMENTATION OF BUSHBUCKRIDGE LOCAL MUNICIPALITY



Prepared by: Budget & Treasury Office (Finance)

Sub-directorate: Budget

ANNUAL BUDGET OF

# **BUSHBUCKRIDGE LOCAL MUNICIPALITY**



2012/13 TO 2014/15  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

Copies of this document can be viewed:

- In the foyers of all municipal buildings
- All 11 Regional Offices
- All public libraries within the municipality
  - At [www.bushbuckridge.gov.za](http://www.bushbuckridge.gov.za)

## Table of Contents

ANNEXURE .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
PART 1 – ANNUAL BUDGET .....	<b>2</b>
1.1 MAYOR'S REPORT.....	2
1.2 COUNCIL RESOLUTIONS .....	3
1.3 EXECUTIVE SUMMARY .....	4
1.4 OPERATING REVENUE FRAMEWORK .....	6
1.5 OPERATING EXPENDITURE FRAMEWORK.....	15
1.6 CAPITAL EXPENDITURE .....	21
1.7 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY.....	23
PART 2 – SUPPORTING DOCUMENTATION .....	<b>43</b>
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS.....	43
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP .....	46
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS .....	55
2.4 OVERVIEW OF BUDGET RELATED-POLICIES .....	60
2.5 OVERVIEW OF BUDGET ASSUMPTIONS .....	63
2.6 OVERVIEW OF BUDGET FUNDING .....	65
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS .....	79
2.8 COUNCILLOR AND EMPLOYEE BENEFITS.....	81
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW .....	83
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS .....	90
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS .....	91
2.12 CAPITAL EXPENDITURE DETAILS .....	91
2.13 LEGISLATION COMPLIANCE STATUS .....	104
2.14 OTHER SUPPORTING DOCUMENTS.....	105
2.15 MUNICIPAL MANAGER'S QUALITY CERTIFICATE .....	110

## List of Tables

Table 1 Consolidated Overview of the 2011/12 MTREF .....	5
Table 2 Summary of revenue classified by main revenue source.....	7
Table 3 Percentage growth in revenue by main revenue source .....	8
Table 4 Operating Transfers and Grant Receipts.....	9
Table 5 Comparison of proposed rates to levied for the 2011/12 financial year .....	<b>Error! Bookmark not defined.</b>
Table 6 Proposed Water Tariffs .....	12
Table 7 Comparison between current water charges and increases (Domestic) .....	<b>Error! Bookmark not defined.</b>
Table 8 Comparison between current electricityMunicipality charges and increases (Domestic) .....	<b>Error! Bookmark not defined.</b>

Table 9 Comparison between current sanitation charges and increases.....	13
Table 12 MBRR Table SA14 – Household bills.....	14
Table 13 Summary of operating expenditure by standard classification item .....	15
Table 14 Operational repairs and maintenance .....	19
Table 15 Repairs and maintenance per asset class.....	20
Table 16 2011/12 Medium-term capital budget per vote .....	21
Table 17 MBRR Table A1 - Budget Summary .....	23
Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	26
Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote) .....	28
Table 20 Surplus/(Deficit) calculations for the trading services .....	28
Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) .....	29
Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	31
Table 23 MBRR Table A6 - Budgeted Financial Position .....	33
Table 24 MBRR Table A7 - Budgeted Cash Flow Statement .....	35
Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation .....	36
Table 26 MBRR Table A9 - Asset Management.....	39
Table 27 MBRR Table A10 - Basic Service Delivery Measurement .....	41
Table 28 IDP Strategic Objectives .....	47
Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue .....	52
Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	53
Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	54
Table 32 MBRR Table SA7 - Measurable performance objectives.....	56
Table 33 MBRR Table SA8 - Performance indicators and benchmarks.....	57
Table 34 Credit rating outlook .....	63
Table 35 Breakdown of the operating revenue over the medium-term .....	65
Table 36 Proposed tariff increases over the medium-term.....	67
Table 39 Sources of capital revenue over the MTREF .....	68
Table 41 MBRR Table SA 18 - Capital transfers and grant receipts .....	70
Table 42 MBRR Table A7 - Budget cash flow statement.....	71
Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation .....	73
Table 44 MBRR SA10 – Funding compliance measurement .....	75

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes.....	79
Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds.....	80
Table 47 MBRR SA22 - Summary of councillor and staff benefits .....	81
Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers) .....	82
Table 49 MBRR SA24 – Summary of personnel numbers .....	83
Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure .....	84
Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	85
Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification).....	86
Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote) .....	87
Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification) .....	88
Table 55 MBRR SA30 - Budgeted monthly cash flow.....	89
Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure .....	90
Table 57 Water Services Department – Performance objectives and indicators .....	<b>Error! Bookmark not defined.</b>
Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class .....	92
Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class.....	93
Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class.....	94
Table 61 MBRR SA35 - Future financial implications of the capital budget .....	95
Table 62 MBRR SA36 - Detailed capital budget per municipal vote .....	96
Table 63 MBRR SA37 - Projects delayed from previous financial year.....	102
Table 64 MBRR Table SA1 - Supporting detail to budgeted financial performance .....	105
Table 65 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department).....	106
Table 66 MBRR Table SA3 – Supporting detail to Statement of Financial Position .....	107
Table 67 MBRR Table SA9 – Social, economic and demographic statistics and assumptions.....	108
Table 68 MBRR SA32 – List of external mechanisms .....	109

## List of Figures

Figure 1 Main operational expenditure categories for the 2011/12 financial year .....	18
Figure 2 Capital Infrastructure Programme .....	<b>Error! Bookmark not defined.</b>
Figure 3 Expenditure by major type.....	<b>Error! Bookmark not defined.</b>
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF .....	40
Figure 5 Planning, budgeting and reporting cycle .....	55
Figure 6 Definition of performance information concepts.....	56
Figure 7 Breakdown of operating revenue over the 2011/12 MTREF .....	66
Figure 8 Sources of capital revenue for the 2011/12 financial year .....	69

## Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	ℓ	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
MM	Municipality Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NGO	Non-Governmental Organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

## Part 1 – Annual Budget

### 1.1 Mayor's Report

Bushbuckridge Local Municipality is one of the nodal in the country and still solely depends on government grants in order to implement and deliver the services to the communities within its jurisdiction. For 2012/13, it is clear that 85 percent of the budget, will be funded through government grants, and only 15 percent will be own revenue collection as projected. The Mayoral Committee took a decision that the projected own revenue collection be limited to R 150 million, due to the current collection rate by the municipality, which is very low.

Another challenge that inhibits our efforts to deliver services to the communities is the struggling finances of the municipality. It is a fact that we are still largely dependent on grants from the national treasury in the form of equitable shares and MIG. It is also a fact that while the service delivery needs of the communities is limitless and realistic indeed, we continue to struggle to collect enough revenue to complement the grants. This particular situation places the municipality in a state of paralysis. There is a need to urgently develop an appropriate turnaround strategy that will be practical given the development context of the communities, the municipality and the Local Economic activities that have the potential to create a sustainable financial base for the municipality. We need to implement the credit control policy, revenue enhancement strategy and complete the indigent register.

Bushbuckridge Local Municipality was in no way immune to the harsh economic realities associated with the recession. Among the impacts are the serious cash flow challenges currently being experienced by the municipality due to among other things low collection rates; historic expenditure patterns and a general lack of “doing business smarter”.

The municipality is also committed to the total eradication of poverty in our communities through job creation, access to basic municipal services, and building of safer and integrated communities, building of a financially viable municipality, and enforcing massive community participation in all activities of the municipality. Bushbuckridge Local Municipality is faced with a number of challenges which require a very quick response from all of us. These challenges include, inter alia, infrastructure development backlogs. These backlogs were worsened further by the most recent natural disasters that were caused by heavy thunder-storms that befell us. Bridges, roads, houses were destroyed.

The infrastructure that was destroyed was obviously not budgeted for. Consequently, we will have to elicit assistance from the treasury and other funders in order to rescue this situation. Municipality is also acknowledging the joint quick response from the Ehlanzeni District and Provincial departments in efforts to assist the affected communities and to generally bring life to normality in the affected communities at a very high cost. The total cost of the damages to roads and bridges is estimated at R216 million.

While progress has been made in responding to the infrastructure needs of the municipality, a sizeable number of the communities still survive without acceptable water infrastructure and portable drinking water. This is a challenge that must be addressed with speed because we cannot tolerate this status quo in our 18 years of democracy.

The municipality has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the Bushbuckridge Local Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

## 1.2 Council Resolutions

On 31<sup>st</sup> of May 2011, the Council of Bushbuckridge Local Municipality met in the Council Chambers of Bushbuckridge Local Municipality, to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
    - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
    - 1.2.4. Asset management as contained in Table 26 on page 36; and
    - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.



2. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:
  - 2.1. the tariffs for property rates – as set out in **Annexure A**,
  - 2.2. the tariffs for the supply of water – as set out in **Annexure A**;
  - 2.3.** the tariffs for sanitation services – as set out in **Annexure A**;
  - 2.4. the tariffs for solid waste services – as set out in **Annexure A**;
  - 2.5. the tariffs for Rentals and Facilities of Equipment - as set out in **Annexure A**.
3. The Council of Bushbuckridge Local Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012 the tariffs for other services, as set out in **Annexure A** respectively.
4. To give proper effect to the municipality's annual budget, the Council of Bushbuckridge Local Municipality also note that:
  - 4.1. The cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2. The municipal revenue collection has been limited to the projection of R 150 Million, due to the low collection by the municipality, and that has impacted on the municipality to cut its operating expenditures drastically by R 92 Million in 2012/13, as compared to final adjustment budget for 2011/12.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in the municipality to cut the expenditures on the following key areas: telephone and internet usage, printing and stationery, workshops, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54 and 59 were used to guide the compilation of the 2012/13 MTREF.

The main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water and roads Municipality infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The cost of purchasing bulk water from Bushbuckridge Water Board. Continuous high tariff increases that are not sustainable - as there will be point where services will no longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2012/13 MTREF process; and
- Low revenue collection by the municipality.

The following budget principles and guidelines directly informed the compilation of the 2012/13 MTREF:

- The 2011/12 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were used as the upper limits for the new baselines for the 2012/13 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework (MTREF) and the audited outcomes for the past 3 financial years:

**Table 1 Consolidated Overview of the 2012/13 MTREF**

Vote Description R thousand	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total Revenue by Vote	840 657	1 154 548	970 029	970 029	1 018 454	1 353 154	1 486 089
<i>Expenditure by Vote to be appropriated</i>							
Total Expenditure by Vote	770 763	638 464	600 991	600 991	507 646	751 895	818 955
Surplus/(Deficit) for the year	69 894	516 084	369 038	369 038	510 808	601 259	667 135
Capital Expenditures	381 458	681 258	474 258	474 258	510 808	937 549	763 103

Total operating revenue has grown by 5 per cent or R1.018 billion for the 2012/13 financial year when compared to the 2011/12 Adjustments Budget. 85 percent ( R 868 million) of the revenue budget for 2012/13 will be funded through grants from government, while only 15 percent (R 150 million), has been projected to be collected by the municipality. For the two outer years, operational revenue will increase by 25 and 9 per cent respectively, equating to a total revenue growth of R332 million and R 133 million over the MTREF when compared to the 2012/13 financial year.

Total operating expenditure for the 2012/13 financial year has been appropriated at R507 million and translates into a budgeted surplus of R510 million, that will be used to fund capital projects. When compared to the 2011/12 Adjustments Budget, operational expenditure has decreased by 14 per cent in the 2012/13 budget and by 12.6 and 13.7 per cent for each of the respective outer years of the MTREF. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R511 million for 2012/13 is 7 per cent more when compared to the 2011/12 Adjustment Budget. The increase is due to various projects that were not finalised in the previous financial year as well as affordability constraints in the light of current economic circumstances. The balance will be funded from internally generated funds.

## 1.4 Operating Revenue Framework

For Bushbuckridge Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	2008/9	2009/10	2010/11	2011/12 Current Year			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>									
Property rates	13 075	41 449	286 527	281 595	143 595	143 595	90 956	398 052	436 072
Property rates - penalties & collection charges									
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–
Service charges - water revenue	13 394	16 461	15 722	45 495	35 485	35 485	30 875	65 319	72 618
Service charges - sanitation revenue	2 104	2 346	2 640	2 252	2 252	2 252	2 137	2 699	2 738
Service charges - refuse revenue	2 565	2 796	3 103	2 827	2 827	2 827	2 754	3 414	3 502
Service charges - other	2 348	2 489	2 848	2 592	2 592	2 592	2 799	3 023	3 152
Rental of facilities and equipment	501	499	329	350	525	525	406	613	646
Interest earned - external investments	8 475	2 673	2 251	2 592	1 792	1 792	1 712	3 110	3 732
Interest earned - outstanding debtors	–	–	7 412	9 752	24 752	24 752	1 950	3 100	3 450
Dividends received									
Fines	–	702	470	840	840	840	930	975	1 125
Licences and permits	7 784	–	–	–	–	–	5 650	13 225	13 793
Agency services	–	5 070	13 004	14 400	14 400	14 400	7 500	8 100	8 663
Transfers recognised - operational	237 581	339 301	371 534	428 179	386 651	386 651	457 510	478 680	534 005
Other revenue	9 675	4 556	3 358	18 882	8 626	8 626	8 929	24 444	
Gains on disposal of PPE		517		55	55	55	69	92	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>297 501</b>	<b>418 858</b>	<b>709 121</b>	<b>809 812</b>	<b>624 393</b>	<b>624 393</b>	<b>614 177</b>	<b>1 108 031</b>	

**Table 3 Percentage growth in revenue by main revenue source**

Description	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
	Full Year Forecast	% Allocation	Budget Year 2012/13	% Allocation	Budget Year +1 2013/14	% Allocation	Budget Year +2 2014/15	% Allocation
<b>Revenue By Source</b>								
Property rates	143 595	23.00%	90 956	14.81%	398 052	39.68%	436 072	39.36%
Property rates - penalties & collection charges								
Service charges - electricity revenue	–		–		–		–	
Service charges - water revenue	35 485	5.68%	30 875	5.03%	65 319	6.51%	72 618	6.55%
Service charges - sanitation revenue	2 252	0.36%	2 137	0.35%	2 699	0.27%	2 738	0.25%
Service charges - refuse revenue	2 827	0.45%	2 754	0.45%	3 414	0.34%	3 502	0.32%
Service charges - other	2 592	0.42%	2 799	0.46%	3 023	0.30%	3 152	0.28%
Rental of facilities and equipment	525	0.08%	406	0.07%	613	0.06%	646	0.06%
Interest earned - external investments	1 792	0.29%	1 712	0.28%	3 110	0.31%	3 732	0.34%
Interest earned - outstanding debtors	24 752	3.96%	1 950	0.32%	3 100	0.31%	3 450	0.31%
Dividends received						0.00%		0.00%
Fines	840	0.13%	930	0.15%	975	0.10%	1 125	0.10%
Licences and permits	–		5 650	0.92%	13 225	1.32%	13 793	1.24%
Agency services	14 400	2.31%	7 500	1.22%	8 100	0.81%	8 663	0.78%
Transfers recognised - operational	386 651	61.92%	457 510	74.49%	478 680	47.71%	534 005	48.19%
Other revenue	8 626		8 929	1.45%	22 874	2.28%	24 444	2.21%
Gains on disposal of PPE	55	0.01%	69	0.01%	85	0.01%	92	0.01%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>624 393</b>	<b>100.00%</b>	<b>614 177</b>	<b>100.00%</b>	<b>1 003 268</b>	<b>100.00%</b>	<b>1 108 031</b>	<b>100.00%</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a lower significant percentage of the revenue basket for the Municipality. It is clear from the above table that the municipality still solely depends on government grants in order to deliver its services to the communities within its jurisdiction. Rates and service charge revenues comprise less than half of the total revenue mix. In the 2011/12 financial year, revenue from rates and services charges totalled R237 million or 38 per cent. This decreases to R156 million in the respective financial year of the MTREF. A notable trend is the decrease in the total percentage revenue generated from rates and services charges which decreases from 38 per cent in 2011/12 to 25.5 per cent in 2012/13.

This decrease can be mainly attributed to the low revenue collection, for all main revenue streams for the municipality, that contributes to the total revenue mix. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 99).

Property rates is the second largest revenue source totalling 23 per cent or R143 million rand in 2011/12 and decreases to R90 million by 2012/13. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building

plan fees, connection fees. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R387 million in the 2011/12 financial year and steadily increases to R457 million in 2012/13 and R 534 Million by 2014/15.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>RECEIPTS:</b>									
<u>Operating Transfers and Grants</u>									
National Government: Local Government Equitable Share	237 581	339 301	378 000	435 615	394 987	394 987	482 922	537 959	588 217
Finance Management	205 214	275 375	339 796	398 490	356 962	356 962	436 024	466 948	501 555
Municipal Systems Improvement	500	143	1 607	1 250	1 250	1 250	1 500	1 500	1 500
Integrated National Electrification Programme	–	645	840	790	790	790	800	870	950
EPWP Incentive	–	–	5 000	5 560	5 560	5 560	9 700	15 000	20 000
Water Services Operating Subsidy	–	–	1 466	1 876	2 776	2 776	3 800	4 215	5 642
Integrated National Electrification Programme	19 968	3 138	29 290	27 489	489	27 489	18 886	4 362	25 000
Integrated National Electrification Programme Grant	–	–	–	–	–	–	11 912	40 064	28 570
Water Services Operating Services Grant	11 900	–	–	160	160	160	300	5 000	5 000
Provincial Government:	–	–	–	–	–	–	17 000	–	–
Dwaf Refurbishment							10 000		
Human Settlement (ACIP)									
VIP Toilets							7 000		
District Municipality:	–	–	–	–	–	–	–	–	–
<i>[insert description]</i>									
Other grant providers:	–	–	–	–	–	–	–	–	–
<i>[insert description]</i>									
<b>Total Operating Transfers and Grants</b>	<b>237 581</b>	<b>339 301</b>	<b>378 000</b>	<b>435 615</b>	<b>394 987</b>	<b>394 987</b>	<b>492 922</b>	<b>537 959</b>	<b>588 217</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Bushbuckridge Water Board, for bulk tariffs are unjustifiable. Given that these tariff increases are determined by water board, the impact they have on the municipality's purchase of bulk water, and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R25 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 35 per cent rebate will be granted on all residential properties (including state owned residential properties);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

#### **1.4.2 Sale of Water and Impact of Tariff Increases**

South Africa faces similar challenges with regard to water supply, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new bulk line construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 9 per cent from 1 July 2012 for water is proposed. This is also based on input cost in the cost of bulk water provision by Bushbuckridge Water Board. In addition 6 kℓ water per 30-day period will again be granted free of charge to all residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:



**Table 5 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2011/12	PROPOSED TARIFFS 2012/13
	Rand per kℓ	Rand per kℓ
<b>1 RESIDENTIAL</b>		
1.1 variable charge 6 kℓ	free	Free
1.2 Variable Charge 0 to 24 kℓ	6,45	7,10
1.3 Variable charge 25 kℓ and above	6,93	7,60
1.4 Fixed Water charge	74,34	81,80
1.5 Metered borehole charge	3,0	3,30
1.6 Fixed Borehole charge	54,32	59,80
1.7 Indigent: Variable Charge 0 to 24 24 kℓ	4.15	4.60
1.8 Indigent: Variable Charge 25 kℓ and above	4,57	5,10
<b>2 WATER CHARGES: Business</b>		
2.1 Metered water charges: Business	8.92	9.80
2.2 Fixed water charges: Business	314.50	346.00
2.3 Metered borehole charge	4.29	4.80
2.4 Fixed Borehole Charge	214.43	236.00
<b>3 WATER: Religious inst., NPO's &amp; NGO's</b>		
3.1 Metered water charge	6.40	7.00
3.2 Fixed Water Charge	182.40	201.00

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

The tariff structure of the 2011/12 and 2012/13 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate.

#### 1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 10 per cent for sanitation from 1 July 2012 is proposed. This is based on the input cost assumptions related to water. It should be noted that Municipality costs contributes approximately 12 per cent of waste water treatment input costs, therefore the higher than CPI increase of 10 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the percentage water discharged;
- Free sanitation (98 per cent of 6 kℓ water) will be applicable to registered indigents; and
- The total revenue expected to be generated from rendering this service amounts to only R1.9 million for the 2012/13 financial year.

The following table compares the current and proposed tariffs:

**Table 6 Comparison between current sanitation charges and increases**

	<b>TARIFF CHARGE 2011/12</b>	<b>TARIFF CHARGE 2012/13</b>
<b>SEWER CHARGE RESIDENTIAL</b>		
Variable charge: 6kl	free	<b>free</b>
Variable charge 7 kl & above	0,56	0.62
Fixed metered sewer	35,11	38.62
Fixed unmetered sewer	46,40	51.04
Sludge removal per annum	318.52	<b>350.37</b>
Sewer Blockage fee	1086.28	1195.00
More than 42 kl per 30-day period	5,42	2
<b>SEWER CHARGES BUSINESS/ INSTITUTIONS</b>		
Variable charge	1.50	1.66
Fixed charge	86.02	94.63
Sludge removal per annum	955.92	1051.52
Sewer Blockage fee	1086.28	1195.00
Communal sludge removal per annum	318.64	351.00

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

#### **1.4.4 Waste Removal and Impact of Tariff Increases**

Currently solid waste removal is operating in few areas within the municipal jurisdiction. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term, and to also ensure that the services be rendered in other areas as well.

A 21 per cent increase in the waste removal tariff is proposed from 1 July 2012. Higher increases will be viable in 2012/13 owing to the significant decreases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 9 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

#### **1.4.5 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 12 and 13 per cent, with the increase for indigent households closer to 12 per cent.

Table 7 MBRR Table SA14 – Household bills

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year 2012/13	Budget Year +1 2013/14
Rand/cent							% incr.		
<b>Monthly Account for Household - 'Middle Income Range'</b>									
Rates and services charges:									
Property rates	263 968	264 100	278 000	278 000	278 000	278 000	5%	291 900	292 595
Electricity: Basic levy				-	-	-	0%	-	-
Electricity: Consumption				-	-	-	0%	-	-
Water: Basic levy	53 327	53 595	53 864	54 135	54 135	54 135	5%	56 841	59 683
Water: Consumption				496 684	496 684	496 684	5%	521 519	547 594
Sanitation (Basic)				106 635	106 635	106 635	5%	111 967	117 565
Sanitation (Variable)				51 933	51 933	51 933	5%	54 529	57 256
Refuse removal				80 738	80 738	80 738	5%	84 775	89 014
Other (Services)				80 738	80 738	80 738	5%	84 775	89 014
sub-total	317 294	317 694	331 864	1 148 863	1 148 863	1 148 863	5%	1 206 306	1 252 721
VAT on Services	44 421	44 477	46 461	160 841	160 841	160 841	0%	168 883	175 381
Total large household bill:	361 716	362 172	378 325	1 309 704	1 309 704	1 309 704	5%	1 375 189	1 428 102
% increase/-decrease		0.1%	4.5%	246.2%	-	-		5.0%	3.8%
<b>Monthly Account for Household - 'Affordable Range'</b>									
Rates and services charges:									
Property rates				98 000	98 000	98 000	5%	102 900	108 045
Electricity: Basic levy				-	-	-	0%	-	-
Electricity: Consumption				-	-	-	0%	-	-
Water: Basic levy				101 068	101 068	101 068	5%	106 121	111 427
Water: Consumption				927 297	927 297	927 297	5%	973 662	1 022 345
Sanitation (Basic)				199 085	199 085	199 085	5%	209 039	219 491
Sanitation (Variable)				96 957	96 957	96 957		96 957	96 957
Refuse removal				150 736	150 736	150 736	5%	158 273	166 186
Other (Services)				150 736	150 736	150 736	5%	158 273	166 186
sub-total	-	-	-	1 723 878	1 723 878	1 723 878	5%	1 805 224	1 890 638
VAT on Services				241 343	241 343	241 343	0%	252 731	264 689
Total small household bill:	-	-	-	1 965 221	1 965 221	1 965 221	5%	2 057 956	2 155 327
% increase/-decrease		-	-	-	-	-		4.7%	4.7%
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>									
Rates and services charges:									
Property rates				58 000	58 000	58 000	5%	60 900	63 945
Electricity: Basic levy				-	-	-	0%	-	-
Electricity: Consumption				-	-	-	0%	-	-
Water: Basic levy				208 453	208 453	208 453	5%	218 876	229 819
Water: Consumption				1 863 175	1 863 175	1 863 175	5%	1 956 333	2 054 150
Sanitation (Basic)				385 153	385 153	385 153	5%	404 411	424 631
Sanitation (Variable)				224 301	224 301	224 301	5%	235 516	247 292
Refuse removal				314 426	314 426	314 426	5%	330 147	346 655
Other (Services)				295 372	295 372	295 372	5%	310 141	325 648
sub-total	-	-	-	3 348 880	3 348 880	3 348 880	5%	3 516 324	3 692 140
VAT on Services				468 843	468 843	468 843	0%	492 285	516 900
Total small household bill:	-	-	-	3 817 723	3 817 723	3 817 723	5%	4 008 609	4 209 039
% increase/-decrease		-	-	-	-	-		5.0%	5.0%

## 1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- Repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

**Table 8 Summary of operating expenditure by standard classification item**

Description	2008/9	2009/10	2010/11	2011/12 Current Year			2012/13 Medium Term Revenue & Expenditure Framework		
				Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	Audited Outcome	Audited Outcome	Audited Outcome						
Expenditure By Type									
Employee related costs	100 248	140 774	167 813	183 802	180 452	180 452	176 120	215 185	237 051
Remuneration of councillors	15 737	15 690	17 711	27 689	23 689	23 689	18 318	31 969	34 681
Debt impairment	50 924	30 261	238 877	56 000	56 000	56 000	37 000	74 000	81 000
Depreciation & asset impairment	33 129	44 320	49 871	51 000	51 000	51 000	34 100	67 000	73 000
Finance charges	178	184	212	275	275	275	310	342	369
Bulk purchases	71 689	78 930	93 140	91 000	91 000	91 000	90 000	108 000	116 000
Other materials	92 206	113 843	175 894	163 395	156 810	156 810	120 610	202 918	221 279
Contracted services	1 860	2 255	3 030	9 950	10 150	10 150	10 210	3 455	3 498
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	10 454	6 669	4 437	6 455	4 855	4 855	1 700	3 050	2 720
Loss on disposal of PPE			78						
Total Expenditure	376 426	432 926	751 063	589 566	574 231	574 231	488 368	705 918	769 598

The budgeted allocation for employee related costs for the 2012/13 financial year totals R176 million, which equals 36 per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2012/13 financial year. An annual increase of 7.5 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. As part of the planning assumptions and interventions, organogram was reviewed with all directorates in order to ensure that all strategic posts are been captured on the organogram. In addition expenditure against overtime was significantly reduced, from R 1.6 Million in 2011/12 to R 400 000 in 2012/13, with the provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual low collection rate of 15 per cent and the Debt Write-off Policy of the Municipality. For the 2012/13 financial year this amount equates to R37 million and escalates to R81 million by 2014/15. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R34 million for the 2012/13 financial and equates to 7 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years. The municipality has also currently appointed the service provider to do the unbundling of assets, and the correct amount of depreciation will be determined by the said exercise.

Finance charges consist primarily of the bank charges. Finance charges make up 0.06 per cent (R310 000) of operating expenditure.

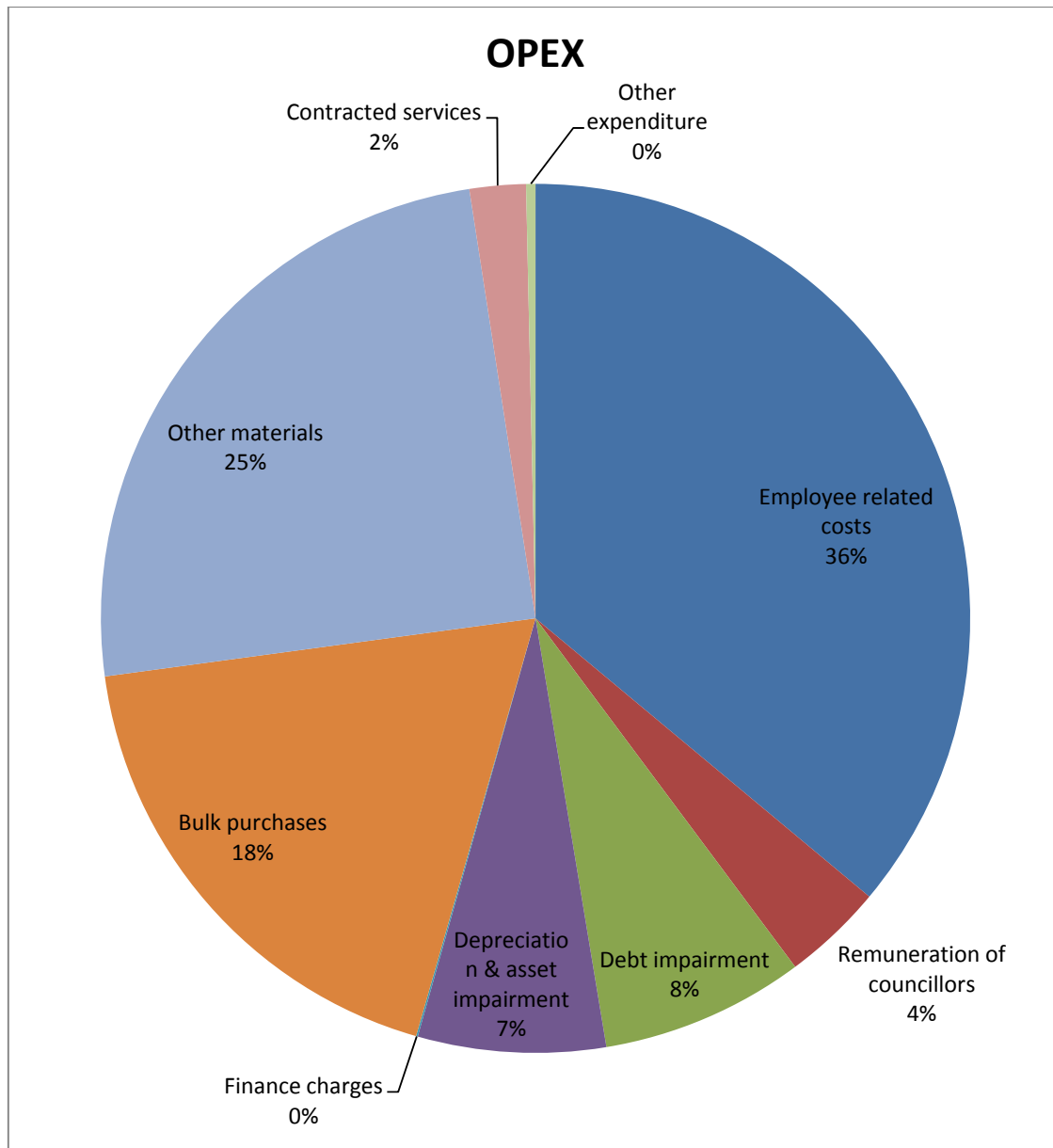
Bulk purchases are directly informed by the purchase of bulk water from Bushbuckridge Water Board. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Currently the service level agreement (SLA) has been signed between the municipality and Bushbuckridge water board.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. For 2012/13 the appropriation against this group of expenditure has been allocated R121 million which equates to 25 percent of operating expenditures, and continues to grow from R 121 million in 2012/13 to R 221 million in 2014/15.

Contracted services: As part of the compilation of the 2012/13 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2012/13 financial year, this group of expenditure totals R10 million. For the two outer the expenditure has decreased drastically, mainly due to the fact that the contract for security services, will be coming to an end as at the end of August 2012, and the municipality still planning on how to implement the security services internally. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2012/13 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Further details relating to contracted services can be seen in Table 64 MBRR SA1 (see page 100).

The following table gives a breakdown of the main expenditure categories for the 2012/13 financial year.



**Figure 1 Main operational expenditure categories for the 2012/13 financial year**

### 1.5.1 Repairs and Maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2012/13 budget and MTREF provide for less extensive growth in the area of asset maintenance, as informed by the asset renewal plan and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

**Table 9 Operational repairs and maintenance**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
Repairs and Maintenance by Expenditure Item									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	50 628	49 396	85 499	62 257	61 157	61 157	46 516	70 402	76 935
Total Repairs and Maintenance Expenditure	50 628	49 396	85 499	62 257	61 157	61 157	46 516	70 402	76 935

During the compilation of the 2012/13 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end due to financial constraint, repairs and maintenance was substantially decreased from R61 million to R46 million. During the 2011 Adjustment Budget this allocation was adjusted slightly downwards to R1.1 million owing to the cash flow challenges faced by the Municipality. Notwithstanding this reduction, as part of the 2011/12 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2012/13 equates to R46 million and continues to grow to R 70 million and R 77 million over the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 9 per cent for 2012/13 and 10 & 11 percent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:



**Table 10 Repairs and maintenance per asset class**

Description  R thousand	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Depreciation & asset impairment	33 129	44 320	49 871	51 000	51 000	51 000	34 100	67 000	73 000
Repairs and Maintenance by Asset Class	51 320	50 638	88 298	72 057	66 107	66 107	49 591	80 248	89 834
Infrastructure - Road transport	5 712	8 017	8 146	16 000	20 500	20 500	13 175	22 002	23 162
Infrastructure - Electricity	–	–	582	2 000	1 200	1 200	900	1 475	1 980
Infrastructure - Water	4 376	2 379	3 396	25 500	12 200	12 200	2 500	13 248	15 075
Infrastructure - Sanitation	1 605	903	1 840	–	1 200	1 200	2 789	4 550	4 901
Infrastructure	11 692	11 299	13 965	43 500	35 100	35 100	19 364	41 275	45 118
Community	–	–	6	5 500	1 300	1 300	1 600	8 200	9 570
Heritage assets	–	–	–	–	–	–	2 000	3 100	3 340
Investment properties	–	–	–	–	–	–	–	–	–
Other assets	39 628	39 338	74 327	23 057	29 707	29 707	26 627	27 673	31 806
TOTAL EXPENDITURE OTHER ITEMS	84 449	94 958	138 169	123 057	117 107	117 107	83 691	147 248	162 834

For the 2012/13 financial year, 23 per cent or R19 million of total repairs and maintenance will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totalling R13 million, followed by water infrastructure at R2.5 million, and sanitation at R2.8 million. Community assets have been allocated R1.6 million of total repairs and maintenance.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register more qualifying indigent households during the 2012/13 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## 1.6 Capital expenditure

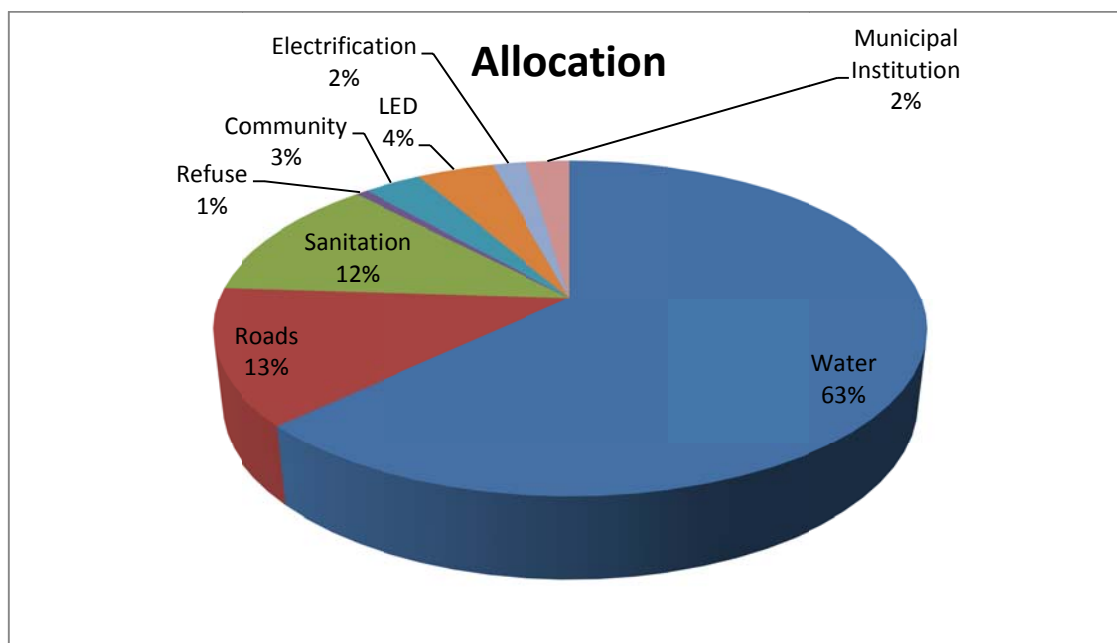
The following table provides a breakdown of budgeted capital expenditure by vote:

**Table 11 2011/12 Medium-term capital budget per vote**

Vote Description  R thousand	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
	Original Budget	Full Year Forecast	Budget Year 2012/13	% Allocation	Budget Year +1 2013/14	% Allocation	Budget Year +2 2014/15	% Allocation
<b><u>Capital expenditure - Vote</u></b>								
<b><u>Multi-year expenditure to be appropriated</u></b>								
Dept 001 - Finance	-	-	-		-		-	
Dept 002 - Corporate services	12 700	5 800	3 500	0.69%	29 295	3.12%	49 330	6.46%
Dept 004 - Internal Audit	-	-	-	0.00%	-	0.00%	-	0.00%
Dept 005 - Economic Development, Planning and the Environment	48 000	29 100	21 450	4.20%	75 950	8.10%	53 580	7.02%
Dept 006 - Community Support Services	7 500	3 000	1 000	0.20%	43 000	4.59%	22 209	2.91%
Dept 008 - Office of the Municipal Manager	-	-	-	0.00%	-	0.00%	-	0.00%
Dept 009 - Office of the Speaker	-	-	-	0.00%	-	0.00%	-	0.00%
Dept 010 - Office of the Mayor	-	-	-	0.00%	-	0.00%	-	0.00%
Dept 013 - Community Support Services - Traffic	3 500	1 000	150	0.03%	2 000	0.21%	2 200	0.29%
Dept 014 - Municipal Works - Public Works	4 658	5 658	9 700	1.90%	-	0.00%	-	0.00%
Dept 015 - Municipal Works - Water	329 400	263 150	326 758	63.97%	277 102	29.56%	232 165	30.42%
Dept 016 - Municipal Works - Roads	133 500	51 500	68 000	13.31%	370 300	39.50%	311 200	40.78%
Dept 017 - Municipal Works - Refuse	5 500	5 100	3 300	0.65%	23 000	2.45%	1 000	0.13%
Dept 018 - Municipal Works - Sewerage	104 000	95 250	61 500	12.04%	71 500	7.63%	56 564	7.41%
Dept PMU - Municipal Works	32 500	14 700	15 450	3.02%	45 402	4.84%	34 855	4.57%
<b>Capital multi-year expenditure sub-total</b>	<b>681 258</b>	<b>474 258</b>	<b>510 808</b>	<b>100.00%</b>	<b>937 549</b>	<b>100.00%</b>	<b>763 103</b>	<b>100.00%</b>

For 2012/13, an amount of R498 million has been appropriated for the development of infrastructure which represents 97 per cent of the total capital budget. The other 3 per cent represents the municipal institution issues like purchase of vehicles, trucks, fire fighter truck, furniture and equipments to be used on a day to day running business of the municipality.

The following graph below will explain in details, allocation per sector:



The above Graph clearly indicates that 63 percent (R 327 Million) of Capital Budget has been allocated to water projects. The main reason is due to the higher backlogs and slow implementation in completion of bulk water supply and re-construction of Acornhoek bulk water supply by Department of Water Affairs. Roads followed with 13 percent (R68 Million), in order to complete the projects that were not implemented in 2011/12 due to financial constraint. Sanitation has been allocated 12 percent (R61.5 Million) of the capital budget, followed by LED with only 4 percent (R 21.4 Million).

Total new assets represent 85 per cent or R433 million of the total capital budget while asset renewal equates to 15 per cent or R78 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Fencing of Cemetery – R 1 million;
- Sports and recreational facilities – R 2 million;
- Roads, Bridges and Storm Water backlogs – R 68 million;
- Fire fighting truck – R 3 million;
- Electrification of Households – R 10 million;
- Local Economic development – R 25 million;
- Water backlogs, including bulk, reservoirs, reticulation, water meters. R 326 million;
- Sanitation / sewerage -- R 62 million
- Community development – R 15 million

### 1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 91. This table shows that future operational costs associated with the capital programme totals R26 million in 2012/13 and escalates to R30 million by 2014/15. This concomitant operational expenditure is expected to escalate to R43 million by 2017/18. It needs to be noted that as part of the 2012/13 MTREF, this expenditure has been factored into the two outer years of the operational budget.

## 1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2011/12 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 12 MBRR Table A1 - Budget Summary**

MP325 Bushbuckridge - Table A1 Budget Summary

Description  R thousands	2008/9	2009/10	2010/11	2012/13 Medium Term Revenue & Expenditure Framework			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Financial Performance</b>									
Property rates	13 075	41 449	286 527	281 595	143 595	143 595	90 956	398 052	436 072
Service charges	20 410	24 092	24 314	53 167	43 157	43 157	38 565	74 455	82 010
Investment revenue	8 475	2 673	2 251	2 592	1 792	1 792	1 712	3 110	3 732
Transfers recognised - operational	237 581	339 301	371 534	428 179	386 651	386 651	457 510	478 680	534 005
Other own revenue	17 959	11 343	24 651	44 279	49 198	49 198	16 436	35 011	50 635
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>297 501</b>	<b>418 858</b>	<b>709 276</b>	<b>809 812</b>	<b>624 393</b>	<b>624 393</b>	<b>605 179</b>	<b>989 307</b>	<b>1 106 454</b>
Employee costs	100 248	140 774	167 813	183 802	180 452	180 452	176 120	215 185	237 051
Remuneration of councillors	15 737	15 690	17 711	27 689	23 689	23 689	18 318	31 969	34 681
Depreciation & asset impairment	33 129	44 320	49 871	51 000	51 000	51 000	34 100	67 000	73 000
Finance charges	178	184	212	275	275	275	310	342	369
Materials and bulk purchases	163 895	192 773	269 034	254 395	247 810	247 810	120 610	292 918	329 279
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	63 239	39 185	246 422	72 405	71 005	71 005	37 000	85 910	87 505
<b>Total Expenditure</b>	<b>376 426</b>	<b>432 926</b>	<b>751 063</b>	<b>589 566</b>	<b>574 231</b>	<b>574 231</b>	<b>386 458</b>	<b>693 323</b>	<b>761 885</b>
<b>Surplus/(Deficit)</b>	<b>(78 925)</b>	<b>(14 069)</b>	<b>(41 787)</b>	<b>220 246</b>	<b>50 162</b>	<b>50 162</b>	<b>218 721</b>	<b>295 984</b>	<b>344 568</b>
Transfers recognised - capital	134 951	160 143	160 255	355 170	356 070	356 070	409 017	372 561	400 385
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>56 026</b>	<b>146 074</b>	<b>118 469</b>	<b>575 416</b>	<b>406 232</b>	<b>406 232</b>	<b>627 738</b>	<b>668 545</b>	<b>44 953</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>56 026</b>	<b>146 074</b>	<b>118 469</b>	<b>575 416</b>	<b>406 232</b>	<b>406 232</b>	<b>627 738</b>	<b>668 545</b>	<b>744 953</b>

<b><u>Capital expenditure &amp; funds sources</u></b>									
<b>Capital expenditure</b>	<b>173 370</b>	257 896	348 170	681 258	474 258	474 258	510 808	937 549	763 103
Transfers recognised - capital	173 370	257 896	351 544	614 388	474 258	474 258	456 605	607 282	426 173
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	36 914	66 870	-	-	54 203	330 267	336 930
<b>Total sources of capital funds</b>	<b>173 370</b>	257 896	388 458	681 258	474 258	474 258	510 808	937 549	763 103
<b><u>Financial position</u></b>									
Total current assets	77 466	12 899	53 882	28 808	32 799	32 799	65 260	38 443	67 000
Total non current assets	512 010	329 260	1 061 844	1 392 192	1 455 227	1 455 227	2 136 555	2 753 030	2 753 030
Total current liabilities	-	327 595	490 363	341 110	315 196	1315 196	385 366	433 118	316 338
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	-	-	-	-	-	-	-	-	-
<b><u>Cash flows</u></b>									
Net cash from (used) operating	53 639	163 048	69 894	516 084	369 038	369 038	510 498	601 227	667 108
Net cash from (used) investing	174 257	253 877	225 914	649 119	442 119	442 119	473 649	898 345	722 065
Net cash from (used) financing	-	(2 377)	(34)	(2 411)	(2 445)	(4 855)	(5 098)	(5 353)	(5 621)
<b>Cash/cash equivalents at the year end</b>	<b>227 896</b>	642 443	938 217	1 162 792	808 712	806 302	979 049	2 473 268	3 856 820
<b><u>Cash backing/surplus reconciliation</u></b>									
Cash and investments available	28 686	(11 317)	6 357	12 884	11 324	11 324	11 424	12 522	9 669
Application of cash and investments	(52 923)	298 175	448 411	326 986	297 524	297 524	382 747	407 166	314 640
<b>Balance - surplus (shortfall)</b>	<b>81 609</b>	(309 492)	(442 054)	(314 102)	(286 200)	(286 200)	(371 323)	(394 645)	(304 971)
<b><u>Asset management</u></b>									
Asset register summary (WDV)	169 911	263 967	402 773	716 602	471 002	471 002	446 241	727 514	917 396
Depreciation & asset impairment	33 129	44 320	49 871	51 000	51 000	51 000	34 100	67 000	73 000
Renewal of Existing Assets	-	-	-	105 900	105 900	105 900	78 858	21 000	-
Repairs and Maintenance	51 320	50 638	88 298	72 057	66 107	66 107	49 591	80 248	89 834
<b><u>Free services</u></b>									
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-
<b><u>Households below minimum service level</u></b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing will be incorporated in the net cash from financing on the Cash Flow Budget, if available
    - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years if available at the end of the year. For 2012/13 financial year, own revenue collection has been projected to R 150 million due to low revenue collection within the municipality. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains negative, and is not improving, indicates that the necessary cash resources are not available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2013/14, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2013/14 the water backlog will have been reduced.

**Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>									
<i>Governance and administration</i>	244 022	346 762	616 687	705 718	530 339	530 339	533 820	877 076	952 978
Executive and council	–	–	–	4 451	4 451	4 451	9 012	10 195	13 030
Budget and treasury office	229 723	314 154	352 520	428 639	391 061	391 061	442 611	481 524	517 884
Corporate services	14 299	32 608	264 167	272 628	134 827	134 827	82 197	385 357	422 064
<i>Community and public safety</i>	8 048	5 980	13 683	15 452	15 422	15 422	14 311	22 553	23 854
Community and social services	220	167	165	168	138	138	180	199	214
Sport and recreation	44	41	43	44	44	44	51	54	59
Public safety	7 784	5 772	13 474	15 240	15 240	15 240	14 080	22 300	23 581
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	–	155	2 146	7 876	8 776	8 776	23 250	16 225	25 080
Planning and development	–	155	680	2 000	2 000	2 000	3 450	6 510	11 438
Road transport	–	–	1 466	5 876	6 776	6 776	19 800	9 715	13 642
Environmental protection	–	–	–	–	–	–	–	–	–
<i>Trading services</i>	184 874	244 726	208 865	425 502	415 492	415 492	447 073	437 301	484 178
Electricity	–	–	5 000	5 560	5 560	5 560	21 612	55 064	48 570
Water	180 205	239 585	198 121	414 862	404 852	404 852	420 771	376 192	429 410
Waste water management	2 104	2 346	2 640	2 252	2 252	2 252	1 936	2 631	2 696
Waste management	2 565	2 796	3 103	2 827	2 827	2 827	2 754	3 414	3 502
<i>Other</i>	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Standard</b>	<b>436 943</b>	<b>597 623</b>	<b>841 380</b>	<b>1 154 548</b>	<b>970 029</b>	<b>970 029</b>	<b>1 018 454</b>	<b>1 353 154</b>	<b>1 486 089</b>
<b>Expenditure - Standard</b>									
<i>Governance and administration</i>	211 178	228 322	479 853	342 882	321 040	321 040	271 568	390 053	423 380
Executive and council	20 031	18 892	22 664	37 079	29 864	29 864	21 873	43 576	47 415
Budget and treasury office	64 874	38 768	246 849	69 530	67 750	67 750	45 260	90 149	94 896
Corporate services	126 273	170 662	210 340	236 272	223 425	223 425	204 435	256 329	281 069
<i>Community and public safety</i>	7 210	11 877	20 506	36 135	30 155	30 155	20 169	44 611	51 226
Community and social services	7 205	11 528	19 791	31 750	27 050	27 050	17 700	30 510	35 170
Sport and recreation	–	–	–	–	–	–	–	–	–
Public safety	5	348	716	4 385	3 105	3 105	2 469	14 101	16 056
Housing	–	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>	45 789	63 286	68 512	87 047	86 396	86 396	69 414	127 115	138 091
Planning and development	601	1 456	1 756	7 150	3 610	3 610	6 300	16 901	19 252
Road transport	44 883	61 531	66 426	79 300	82 400	82 400	62 775	109 842	118 432
Environmental protection	305	299	329	597	386	386	339	372	407

<i>Trading services</i>	119 007	130 893	201 892	172 400	163 400	163 400	146 495	190 116	206 257
Electricity	490	642	23 701	23 000	22 000	22 000	19 725	27 150	28 850
Water	114 903	127 630	174 047	146 500	137 650	137 650	123 883	157 508	171 309
Waste water management	1 772	908	1 942	1 000	1 850	1 850	1 487	2 806	3 097
Waste management	1 842	1 712	2 203	1 900	1 900	1 900	1 400	2 652	3 001
<i>Other</i>	–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Standard</b>	<b>383 183</b>	<b>434 378</b>	<b>770 763</b>	<b>638 464</b>	<b>600 991</b>	<b>600 991</b>	<b>507 646</b>	<b>751 895</b>	<b>818 955</b>
<b>Surplus/(Deficit) for the year</b>	<b>53 760</b>	<b>163 244</b>	<b>70 617</b>	<b>516 084</b>	<b>369 038</b>	<b>369 038</b>	<b>510 808</b>	<b>601 259</b>	<b>667 135</b>

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for , Water and Waste water functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.



**Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue by Vote</b>										
Dept 001 - Finance		229 723	314 154	352 520	428 639	391 061	391 061	442 611	481 524	517 884
Dept 002 - Corporate services		14 410	32 698	264 247	272 732	134 916	134 916	82 312	385 489	422 205
Dept 004 - Internal Audit		–	–	–	–	–	–	–	–	–
Dept 005 - Economic Development, Planning and Infrastructure		–	–	680	2 000	2 000	2 000	3 450	6 510	11 438
Dept 006 - Community Support Services		–	–	–	–	–	–	–	–	–
Dept 008 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–
Dept 009 - Office of the Speaker		–	–	–	4 451	4 451	4 451	9 012	10 195	13 030
Dept 010 - Office of the Mayor		–	–	–	–	–	–	–	–	–
Dept 013 - Community Support Services - Refuse Removal		7 784	5 772	13 474	15 240	15 240	15 240	14 080	22 300	23 581
Dept 014 - Municipal Works - Public Works		25	73	6 551	11 528	12 413	12 413	41 508	64 879	62 320
Dept 015 - Municipal Works - Water		54 357	79 600	55 013	179 044	169 034	169 034	134 771	74 431	102 088
Dept 016 - Municipal Works - Roads		–	–	–	–	–	–	–	–	–
Dept 017 - Municipal Works - Refuse		2 565	2 796	3 103	2 827	2 827	2 827	2 754	3 414	3 502
Dept 018 - Municipal Works - Sewerage		2 104	2 346	2 640	2 252	2 252	2 252	1 936	2 631	2 696
Dept PMU - Municipal Works		125 855	159 988	143 110	235 834	235 834	235 834	286 020	301 782	327 345
<b>Total Revenue by Vote</b>		<b>436 822</b>	<b>597 426</b>	<b>840 657</b>	<b>1 154 548</b>	<b>970 029</b>	<b>970 029</b>	<b>1 018 454</b>	<b>1 353 154</b>	<b>1 486 089</b>
<b>Expenditure by Vote to be appropriated</b>										
Dept 001 - Finance		64 874	38 768	246 849	69 530	67 750	67 750	45 260	90 149	94 896
Dept 002 - Corporate services		126 273	170 662	210 340	236 272	223 425	223 425	204 435	256 329	281 069
Dept 004 - Internal Audit		305	299	329	597	386	386	339	372	407
Dept 005 - Economic Development, Planning and Infrastructure		601	1 456	1 756	7 150	3 610	3 610	6 300	16 901	19 252
Dept 006 - Community Support Services		7 205	11 528	19 791	33 440	28 145	28 145	18 829	33 651	38 636
Dept 008 - Office of the Municipal Manager		2 130	1 616	1 537	4 955	3 390	3 390	1 550	6 344	7 011
Dept 009 - Office of the Speaker		17 183	16 562	19 047	29 948	24 948	24 948	19 523	34 680	37 600
Dept 010 - Office of the Mayor		718	714	2 081	2 176	1 526	1 526	800	2 552	2 804
Dept 013 - Community Support Services - Refuse Removal		5	348	716	2 695	2 010	2 010	1 340	10 960	12 590
Dept 014 - Municipal Works - Public Works		33 754	46 654	74 305	77 300	74 900	74 900	58 325	101 494	110 290
Dept 015 - Municipal Works - Water		114 903	127 630	174 047	146 500	137 650	137 650	123 883	157 508	171 309
Dept 016 - Municipal Works - Roads		11 618	15 519	15 822	25 000	29 500	29 500	20 675	31 998	33 492
Dept 017 - Municipal Works - Refuse		1 842	1 712	2 203	1 900	1 900	1 900	1 400	2 652	3 001
Dept 018 - Municipal Works - Sewerage		1 772	908	1 942	1 000	1 850	1 850	1 487	2 806	3 097
Dept PMU - Municipal Works		–	–	–	–	–	–	3 500	3 500	3 500
<b>Total Expenditure by Vote</b>		<b>383 183</b>	<b>434 378</b>	<b>770 763</b>	<b>638 464</b>	<b>600 991</b>	<b>600 991</b>	<b>507 646</b>	<b>751 895</b>	<b>818 955</b>
<b>Surplus/(Deficit) for the year</b>		<b>53 639</b>	<b>163 048</b>	<b>69 894</b>	<b>516 084</b>	<b>369 038</b>	<b>369 038</b>	<b>510 808</b>	<b>601 259</b>	<b>667 135</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**

MP325 Bushbuckridge - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
<b>Revenue By Source</b>									
Property rates	13 075	41 449	286 527	281 595	143 595	143 595	90 956	398 052	436 072
Property rates - penalties & collection charges									
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–
Service charges - water revenue	13 394	16 461	15 722	45 495	35 485	35 485	30 875	65 319	72 618
Service charges - sanitation revenue	2 104	2 346	2 640	2 252	2 252	2 252	2 137	2 699	2 738
Service charges - refuse revenue	2 565	2 796	3 103	2 827	2 827	2 827	2 754	3 414	3 502
Service charges - other	2 348	2 489	2 848	2 592	2 592	2 592	2 799	3 023	3 152
Rental of facilities and equipment	501	499	329	350	525	525	406	613	646
Interest earned - external investments	8 475	2 673	2 251	2 592	1 792	1 792	1 712	3 110	3 732
Interest earned - outstanding debtors	–	–	7 412	9 752	24 752	24 752	1 950	3 100	3 450
Dividends received									
Fines	–	702	470	840	840	840	930	975	1 125
Licences and permits	7 784	–	–	–	–	–	5 650	13 225	13 793
Agency services	–	5 070	13 004	14 400	14 400	14 400	7 500	8 100	8 663
Transfers recognised - operational	237 581	339 301	371 534	428 179	386 651	386 651	457 510	478 680	534 005
Other revenue	9 675	4 556	3 358	18 882	8 626	8 626	8 929	22 874	24 444
Gains on disposal of PPE		517		55	55	55	69	85	92
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>297 501</b>	<b>418 858</b>	<b>709 121</b>	<b>809 812</b>	<b>624 393</b>	<b>624 393</b>	<b>614 177</b>	<b>1 003 268</b>	<b>1 108 031</b>
<b>Expenditure By Type</b>									
Employee related costs	100 248	140 774	167 813	183 802	180 452	180 452	176 120	215 185	237 051
Remuneration of councillors	15 737	15 690	17 711	27 689	23 689	23 689	18 318	31 969	34 681
Debt impairment	50 924	30 261	238 877	56 000	56 000	56 000	37 000	74 000	81 000
Depreciation & asset impairment	33 129	44 320	49 871	51 000	51 000	51 000	34 100	67 000	73 000
Finance charges	178	184	212	275	275	275	310	342	369
Bulk purchases	71 689	78 930	93 140	91 000	91 000	91 000	90 000	108 000	116 000
Other materials	92 206	113 843	175 894	163 395	156 810	156 810	120 610	202 918	221 279
Contracted services	1 860	2 255	3 030	9 950	10 150	10 150	10 210	3 455	3 498
Transfers and grants	–	–	–	–	–	–	–	–	–
Other expenditure	10 454	6 669	4 437	6 455	4 855	4 855	1 700	3 050	2 720
Loss on disposal of PPE			78						
<b>Total Expenditure</b>	<b>376 426</b>	<b>432 926</b>	<b>751 063</b>	<b>589 566</b>	<b>574 231</b>	<b>574 231</b>	<b>488 368</b>	<b>705 918</b>	<b>769 598</b>
<b>Surplus/(Deficit)</b>	<b>(78 925)</b>	<b>(14 069)</b>	<b>(130 163)</b>	<b>220 246</b>	<b>50 162</b>	<b>50 162</b>	<b>125 809</b>	<b>297 349</b>	<b>338 433</b>
Transfers recognised - capital	134 951	160 143	160 255	355 170	356 070	356 070	409 017	372 561	400 385
Contributions recognised - capital	–	–	–	–	–	–	–	–	–
Contributed assets									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>56 026</b>	<b>146 074</b>	<b>30 093</b>	<b>575 416</b>	<b>406 232</b>	<b>406 232</b>	<b>534 826</b>	<b>669 910</b>	<b>738 818</b>
Taxation									
<b>Surplus/(Deficit) after taxation</b>	<b>56 026</b>	<b>146 074</b>	<b>30 093</b>	<b>575 416</b>	<b>406 232</b>	<b>406 232</b>	<b>534 826</b>	<b>669 910</b>	<b>738 818</b>
Attributable to minorities									
<b>Surplus/(Deficit) attributable to municipality</b>	<b>56 026</b>	<b>146 074</b>	<b>30 093</b>	<b>575 416</b>	<b>406 232</b>	<b>406 232</b>	<b>534 826</b>	<b>669 910</b>	<b>738 818</b>

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

1. Total revenue is R634 million in 2011/12 and projected to decrease to R614 million in 2012/13. This represents a decrease of 2 per cent decrease for the 2012/13 financial year.
2. Revenue to be generated from property rates is R143 million in the 2011/12 financial year and decreases to R90 million in 2012/13 which represents 58 per cent decrease of the operating revenue base of the Municipality and still therefore remains a significant funding source for the municipality. Property Rates also shows increase over the medium-term and tariff increases have been factored for each of the respective financial years of the MTREF.
3. Water constitutes the second highest revenue collection for the municipality as projected, sanitation and refuse removal constitutes the lowest component of the revenue basket of the Municipality totalling R19 million for the 2012/13 financial year and increasing to R32 million by 2013/14. For the 2012/13 financial year services charges amount to 6 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of water.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 15 per cent and 10 per cent for the two outer years. The percentage share of this revenue source increase due to the less rapid relative growth in service charge revenues.
5. Bulk purchases have significantly increased over the 2007/08 to 2014/15 period escalating from R78 million to R116 million. These increases can be attributed to the substantial increase in the cost of bulk water from Bushbuckridge Water Board.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure</b>	<b>2</b>									
Dept 001 - Finance		32	–	–	–	–	–	–	–	–
Dept 002 - Corporate services		6 205	2 724	4 679	12 700	5 800	5 800	3 500	29 295	49 330
Dept 004 - Internal Audit		–	–	–	–	–	–	–	–	–
Dept 005 - Economic Development, Planning and Infrastructure		7 491	12 327	23 289	48 000	29 100	29 100	21 450	75 950	53 580
Dept 006 - Community Support Services		4 206	6 939	6 000	7 500	3 000	3 000	1 000	43 000	22 209
Dept 008 - Office of the Municipal Manager		–	–	–	–	–	–	–	–	–
Dept 009 - Office of the Speaker		–	–	–	–	–	–	–	–	–
Dept 010 - Office of the Mayor		–	–	–	–	–	–	–	–	–
Dept 013 - Community Support Services		1 361	2 820	188	3 500	1 000	1 000	150	2 000	2 200
Dept 014 - Municipal Works - Public Works		2 675	113	–	4 658	5 658	5 658	9 700	–	–
Dept 015 - Municipal Works - Water		127 089	168 346	144 885	329 400	263 150	263 150	326 758	277 102	232 165
Dept 016 - Municipal Works - Roads		20 248	53 919	86 817	133 500	51 500	51 500	68 000	370 300	311 200
Dept 017 - Municipal Works - Refuse		35	–	3 500	5 500	5 100	5 100	3 300	23 000	1 000
Dept 018 - Municipal Works - Sewerage		3 811	10 708	85 000	104 000	95 250	95 250	61 500	71 500	56 564
Dept PMU - Municipal Works		249	–	27 100	32 500	14 700	14 700	15 450	45 402	34 855
<b>Capital multi-year expenditure</b>	<b>7</b>	<b>173 402</b>	<b>257 896</b>	<b>381 458</b>	<b>681 258</b>	<b>474 258</b>	<b>474 258</b>	<b>510 808</b>	<b>937 549</b>	<b>763 103</b>
<b>Single-year expenditure</b>	<b>2</b>									
<b>Total Capital Expenditure - Vote</b>		<b>173 402</b>	<b>257 896</b>	<b>381 458</b>	<b>681 258</b>	<b>474 258</b>	<b>474 258</b>	<b>510 808</b>	<b>937 549</b>	<b>763 103</b>
<b>Capital Expenditure - Standard</b>										
<b>Governance and administration</b>		<b>6 686</b>	<b>4 240</b>	<b>4 679</b>	<b>42 558</b>	<b>21 958</b>	<b>21 958</b>	<b>3 500</b>	<b>29 295</b>	<b>49 330</b>
Executive and council		–	–	–	–	–	–	–	–	–
Budget and treasury office		–	–	–	–	–	–	–	–	–
Corporate services		6 686	4 240	4 679	42 558	21 958	21 958	3 500	29 295	49 330
<b>Community and public safety</b>		<b>5 272</b>	<b>5 863</b>	<b>–</b>	<b>16 500</b>	<b>10 800</b>	<b>10 800</b>	<b>3 150</b>	<b>54 852</b>	<b>32 011</b>
Community and social services		675	166	–	4 000	4 000	4 000	1 000	43 000	22 209
Sport and recreation		3 567	5 696	–	12 500	6 800	6 800	2 000	9 852	7 602
Public safety		1 018	–	–	–	–	–	150	2 000	2 200
Housing		11	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		<b>30 403</b>	<b>68 098</b>	<b>110 106</b>	<b>181 642</b>	<b>74 942</b>	<b>74 942</b>	<b>89 450</b>	<b>446 250</b>	<b>364 780</b>
Planning and development		7 491	12 327	23 289	33 342	23 442	23 442	21 450	75 950	53 580
Roads & Bridges		22 912	55 771	86 817	148 300	51 500	51 500	68 000	370 300	311 200
Environmental protection		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>130 934</b>	<b>179 054</b>	<b>233 385</b>	<b>440 558</b>	<b>366 558</b>	<b>366 558</b>	<b>401 258</b>	<b>371 602</b>	<b>289 729</b>
Electricity		–	–	–	4 658	5 658	5 658	9 700	–	–
Water (Bulk, Reticulations, Water Meters)		127 089	168 346	144 885	329 400	263 150	263 150	326 758	277 102	232 165
Waste water management (Sanitation)		3 811	10 708	85 000	104 000	95 250	95 250	61 500	71 500	56 564
Waste management (Refuse)		35	–	3 500	2 500	2 500	2 500	3 300	23 000	1 000
<b>Other</b>		<b>74</b>	<b>642</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>13 450</b>	<b>35 550</b>	<b>27 253</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>173 370</b>	<b>257 896</b>	<b>348 170</b>	<b>681 258</b>	<b>474 258</b>	<b>474 258</b>	<b>510 808</b>	<b>937 549</b>	<b>763 103</b>
<b>Funded by:</b>										
National Government		173 370	257 896	351 544	614 388	474 258	474 258	456 605	607 282	426 173
Provincial Government		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–
<b>Transfers received</b>	<b>4</b>	<b>173 370</b>	<b>257 896</b>	<b>351 544</b>	<b>614 388</b>	<b>474 258</b>	<b>474 258</b>	<b>456 605</b>	<b>607 282</b>	<b>426 173</b>
<b>Public contributions</b>	<b>5</b>									
<b>Borrowing</b>	<b>6</b>									
<b>Internally generated funds</b>				36 914	66 870	–	–	54 203	330 267	336 930
<b>Total Capital Expenditure - Funding Source</b>	<b>7</b>	<b>173 370</b>	<b>257 896</b>	<b>388 458</b>	<b>681 258</b>	<b>474 258</b>	<b>474 258</b>	<b>510 808</b>	<b>937 549</b>	<b>763 103</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source;**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2012/13, R511 million has been allocated to the capital budget. This allocation escalates to R763 million in 2014/15 in owing primarily to the fact that various projects reach completion in 2012/13 and 2014/15 hence the spike in expenditure in year two.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programme is funded from capital and provincial grants and transfers, public contributions and internally generated funds. For 2012/13, capital transfers totals R 457 million, which represents 89 per cent, and escalates to R607 million in 2013/14, which will represents 65 per cent of the transfers. Internally generated funding totaling R54 million for 2012/13, and other respective years indicates improvements in own revenue collection, for each of the respective financial years of the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

**Table 17 MBRR Table A6 - Budgeted Financial Position**

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>ASSETS</b>										
<b>Current assets</b>										
Cash			(5 082)	4 359	6 925	6 925	6 925	7 025	8 123	9 669
Call investment deposits		28 686	850	1 999	5 959	4 399	4 399	4 399	4 399	4 399
Consumer debtors		47 580	13 023	40 665	8 533	14 085	14 085	45 882	18 029	44 359
Other debtors		1 200	3 000	3 661	3 739	3 739	3 739	4 107	4 239	4 655
Current portion of long-term receivables										
Inventory			1 108	3 198	3 652	3 652	3 652	3 847	3 654	3 918
<b>Total current assets</b>		<b>77 466</b>	<b>12 899</b>	<b>53 882</b>	<b>28 808</b>	<b>32 799</b>	<b>32 799</b>	<b>65 260</b>	<b>38 443</b>	<b>67 000</b>
<b>Non current assets</b>										
Long-term receivables										
Investments										
Investment property			255	255	255	255	255	299	312	369
Investment in Associate										
Property, plant and equipment		512 010	328 879	1 061 502	1 391 848	1 454 883	1 454 883	2 136 141	2 752 595	3 310 999
Agricultural										
Biological										
Intangible			126	87	89	89	89	115	123	201
Other non-current assets										
<b>Total non current assets</b>		<b>512 010</b>	<b>329 260</b>	<b>1 061 844</b>	<b>1 392 192</b>	<b>1 455 227</b>	<b>1 455 227</b>	<b>2 136 555</b>	<b>2 753 030</b>	<b>3 311 569</b>
<b>TOTAL ASSETS</b>		<b>589 476</b>	<b>342 159</b>	<b>1 115 726</b>	<b>1 421 000</b>	<b>1 488 027</b>	<b>1 488 027</b>	<b>2 201 814</b>	<b>2 791 473</b>	<b>3 378 569</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft			7 085							
Borrowing		-	-	-	-	-	-	-	-	-
Consumer deposits			2 337	2 411	2 503	2 503	2 503	2 619	2 712	1 698
Trade and other payables		-	318 173	487 952	338 607	312 693	312 693	382 747	430 406	314 640
Provisions										
<b>Total current liabilities</b>		<b>-</b>	<b>327 595</b>	<b>490 363</b>	<b>341 110</b>	<b>315 196</b>	<b>315 196</b>	<b>385 366</b>	<b>433 118</b>	<b>316 338</b>
<b>Non current liabilities</b>										
Borrowing		-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>-</b>	<b>327 595</b>	<b>490 363</b>	<b>341 110</b>	<b>315 196</b>	<b>315 196</b>	<b>385 366</b>	<b>433 118</b>	<b>316 338</b>
<b>NET ASSETS</b>		<b>589 476</b>	<b>14 564</b>	<b>625 363</b>	<b>1 079 890</b>	<b>1 172 831</b>	<b>1 172 831</b>	<b>1 816 449</b>	<b>2 358 355</b>	<b>3 062 231</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)										
Reserves		-	-	-	-	-	-	-	-	-
Minorities' interests										
<b>TOTAL COMMUNITY WEALTH/EQ</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non current;
  - Changes in net assets; and
  - Reserves.
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

**Table 18 MBRR Table A7 - Budgeted Cash Flow Statement**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	55 815	95 310	299 205	358 855	200 764	200 764	148 265	495 703	544 517
Government - operating		339 301	371 534	428 179	386 651	386 651	457 510	478 680	534 005
Government - capital	134 951	160 143	160 255	355 170	356 070	356 070	409 017	372 561	400 385
Interest	8 475	2 673	9 663	12 344	26 544	26 544	3 662	6 210	7 182
Dividends									
<b>Payments</b>									
Suppliers and employees	(383 005)	(434 194)	(770 551)	(638 189)	(600 716)	(600 716)	(507 646)	(751 585)	(818 613)
Finance charges	(178)	(184)	(212)	(275)	(275)	(275)	(310)	(342)	(369)
Transfers and Grants									
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>53 639</b>	<b>163 048</b>	<b>69 894</b>	<b>516 084</b>	<b>369 038</b>	<b>369 038</b>	<b>510 498</b>	<b>601 227</b>	<b>667 108</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	887	670	(78)	109	109	109	113	(69)	54
Decrease (Increase) in non-current debtors		(6 202)	(27 642)	(31 250)	(31 250)	(31 250)	(36 250)	(38 063)	(39 966)
Decrease (increase) other non-current receivables		1 372	(661)	(998)	(998)	(998)	(1 022)	(1 073)	(1 126)
Decrease (increase) in non-current investments		-							
<b>Payments</b>									
Capital assets	173 370	258 036	254 295	681 258	474 258	474 258	510 808	937 549	763 103
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>174 257</b>	<b>253 877</b>	<b>225 914</b>	<b>649 119</b>	<b>442 119</b>	<b>442 119</b>	<b>473 649</b>	<b>898 345</b>	<b>722 065</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	(2 377)	(34)	(2 411)	(2 445)	(4 855)	(5 098)	(5 353)	(5 621)
<b>Payments</b>									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>(2 377)</b>	<b>(34)</b>	<b>(2 411)</b>	<b>(2 445)</b>	<b>(4 855)</b>	<b>(5 098)</b>	<b>(5 353)</b>	<b>(5 621)</b>
<b>NET INCREASE/ (DECREASE) IN CASH</b>	<b>227 896</b>	<b>414 548</b>	<b>295 774</b>	<b>1 162 792</b>	<b>808 712</b>	<b>806 302</b>	<b>979 049</b>	<b>1 494 219</b>	<b>1 383 552</b>
Cash/cash equivalents at the year begin:		227 896	642 443					979 049	2 473 268
Cash/cash equivalents at the year end:	<b>227 896</b>	<b>642 443</b>	<b>938 217</b>	<b>1 162 792</b>	<b>808 712</b>	<b>806 302</b>	<b>979 049</b>	<b>2 473 268</b>	<b>3 856 820</b>



**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality fell significantly over the 2008/09 to 2009/10 period owing directly to a net decrease in cash of R 5 million in 2011/12 financial year.
4. The approved 2010/11 MTREF provide for a further net decrease in cash of R5 million for the 2012/13 financial year resulting in an overall projected negative cash position at year end.
5. As part of the 2011/12 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition the Municipality will undertake an extensive debt collection drive in order to boost revenue collection for the municipality.
7. The 2012/13 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

**Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	227 896	642 443	938 217	1 162 792	808 712	806 302	979 049	2 473 268	3 856 820
Other current investments > 90 days	(199 209)	(653 760)	(931 860)	(1 149 908)	(797 389)	(794 978)	(967 626)	(2 460 746)	(3 847 151)
Non current assets - Investments	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>28 686</b>	<b>(11 317)</b>	<b>6 357</b>	<b>12 884</b>	<b>11 324</b>	<b>11 324</b>	<b>11 424</b>	<b>12 522</b>	<b>9 669</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	-	45 400	94 679	49 276	49 276	49 276	30 115	29 145	36 426
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(52 923)	252 775	353 732	277 710	248 248	248 248	352 632	378 021	278 214
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
<b>Total Application of cash and investments</b>	<b>(52 923)</b>	<b>298 175</b>	<b>448 411</b>	<b>326 986</b>	<b>297 524</b>	<b>297 524</b>	<b>382 747</b>	<b>407 166</b>	<b>314 640</b>
<b>Surplus(shortfall)</b>	<b>81 609</b>	<b>(309 492)</b>	<b>(442 054)</b>	<b>(314 102)</b>	<b>(286 200)</b>	<b>(286 200)</b>	<b>(371 323)</b>	<b>(394 645)</b>	<b>(304 971)</b>

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2009/10 to 2011/12 the deficit deteriorated from R309 million to R286 million.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2011/12 MTREF was not funded owing to the significant deficit.

7. As part of the budgeting and planning guidelines that informed the compilation of the 2011/12 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to move in to a deficit for the entire MTREF period, unless the revenue enhancement strategy be implemented to boost the current revenue collection.

Table 20 MBRR Table A9 - Asset Management

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CAPITAL EXPENDITURE</b>									
<b>Total New Assets</b>	<b>169 911</b>	<b>263 587</b>	<b>402 432</b>	<b>610 358</b>	<b>364 758</b>	<b>364 758</b>	<b>424 827</b>	<b>707 079</b>	<b>916 826</b>
Infrastructure - Road transport	20 248	53 919	86 817	133 500	51 500	51 500	68 000	68 000	370 300
Infrastructure - Electricity	—	—	3 500	8 158	11 658	11 658	4 750	6 000	7 000
Infrastructure - Water	135 216	185 948	172 119	280 800	164 450	164 450	251 377	391 562	345 508
Infrastructure - Sanitation	1 586	8 868	85 000	98 000	92 750	92 750	61 500	66 000	50 414
Infrastructure - Other	35	—	3 500	5 500	5 100	5 100	3 300	23 000	1 000
Infrastructure	157 084	248 735	350 936	525 958	325 458	325 458	388 927	554 562	774 222
Community	7 740	12 327	36 789	58 000	31 250	31 250	24 950	111 452	85 444
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	5 087	2 524	14 706	26 400	8 050	8 050	10 950	41 065	57 160
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
<b>Total Renewal of Existing Assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>105 900</b>	<b>105 900</b>	<b>105 900</b>	<b>78 858</b>	<b>21 000</b>	<b>20 000</b>
Infrastructure - Road transport	—	—	—	—	—	—	—	—	—
Infrastructure - Electricity	—	—	—	—	—	—	—	—	—
Infrastructure - Water	—	—	—	105 900	105 900	105 900	78 858	21 000	20 000
Infrastructure - Sanitation	—	—	—	—	—	—	—	—	—
Infrastructure - Other	—	—	—	—	—	—	—	—	—
Infrastructure	—	—	—	105 900	105 900	105 900	78 858	21 000	20 000
<b>Total Capital Expenditure</b>									
Infrastructure - Road transport	20 248	53 919	86 817	133 500	51 500	51 500	68 000	68 000	370 300
Infrastructure - Electricity	—	—	3 500	8 158	11 658	11 658	4 750	6 000	7 000
Infrastructure - Water	135 216	185 948	172 119	386 700	270 350	270 350	272 377	411 562	345 508
Infrastructure - Sanitation	1 586	8 868	85 000	98 000	92 750	92 750	61 500	66 000	50 414
Infrastructure - Other	35	—	3 500	5 500	5 100	5 100	3 300	23 000	1 000
Infrastructure	157 084	248 735	350 936	631 858	431 358	431 358	409 927	574 562	774 222
Community	7 740	12 327	36 789	58 000	31 250	31 250	24 950	111 452	85 444
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	5 087	2 524	14 706	26 400	8 050	8 050	10 950	41 065	57 160
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	—	—	—	—	—	—	—	—
<b>TOTAL CAPITAL EXPENDITURE -</b>	<b>169 911</b>	<b>263 587</b>	<b>402 432</b>	<b>716 258</b>	<b>470 658</b>	<b>470 658</b>	<b>445 827</b>	<b>727 079</b>	<b>916 826</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>									
Infrastructure - Road transport	20 248	53 919	86 817	133 500	51 500	51 500	68 000	68 000	370 300
Infrastructure - Electricity	—	—	3 500	8 158	11 658	11 658	4 750	6 000	7 000
Infrastructure - Water	135 216	185 948	172 119	386 700	270 350	270 350	272 377	411 562	345 508
Infrastructure - Sanitation	1 586	8 868	85 000	98 000	92 750	92 750	61 500	66 000	50 414
Infrastructure - Other	35	—	3 500	5 500	5 100	5 100	3 300	23 000	1 000
Infrastructure	157 084	248 735	350 936	631 858	431 358	431 358	409 927	574 562	774 222
Community	7 740	12 327	36 789	58 000	31 250	31 250	24 950	111 452	85 444
Heritage assets	—	—	—	—	—	—	—	—	—
Investment properties	—	255	255	255	255	255	299	312	369
Other assets	5 087	2 524	14 706	26 400	8 050	8 050	10 950	41 065	57 160
Agricultural Assets	—	—	—	—	—	—	—	—	—
Biological assets	—	—	—	—	—	—	—	—	—
Intangibles	—	126	87	89	89	89	115	123	201
<b>TOTAL ASSET REGISTER SUMMA</b>	<b>169 911</b>	<b>263 967</b>	<b>402 773</b>	<b>716 602</b>	<b>471 002</b>	<b>471 002</b>	<b>446 241</b>	<b>727 514</b>	<b>917 396</b>
<b>EXPENDITURE OTHER ITEMS</b>									
<b>Depreciation &amp; asset impairment</b>	<b>33 129</b>	<b>44 320</b>	<b>49 871</b>	<b>51 000</b>	<b>51 000</b>	<b>51 000</b>	<b>34 100</b>	<b>67 000</b>	<b>73 000</b>
<b>Repairs and Maintenance by As</b>	<b>51 320</b>	<b>50 638</b>	<b>88 298</b>	<b>72 057</b>	<b>66 107</b>	<b>66 107</b>	<b>49 591</b>	<b>80 248</b>	<b>89 834</b>
Infrastructure - Road transport	5 712	8 017	8 146	16 000	20 500	20 500	13 175	22 002	23 162
Infrastructure - Electricity	—	—	582	2 000	1 200	1 200	900	1 475	1 980
Infrastructure - Water	4 376	2 379	3 396	25 500	12 200	12 200	2 500	13 248	15 075
Infrastructure - Sanitation	1 605	903	1 840	—	1 200	1 200	2 789	4 550	4 901
Infrastructure - Other	—	—	—	—	—	—	—	—	—
Infrastructure	11 692	11 299	13 965	43 500	35 100	35 100	19 364	41 275	45 118
Community	—	—	6	5 500	1 300	1 300	1 600	8 200	9 570
Heritage assets	—	—	—	—	—	—	2 000	3 100	3 340
Investment properties	—	—	—	—	—	—	—	—	—
Other assets	39 628	39 338	74 327	23 057	29 707	29 707	26 627	27 673	31 806
<b>TOTAL EXPENDITURE OTHER ITE</b>	<b>84 449</b>	<b>94 958</b>	<b>138 169</b>	<b>123 057</b>	<b>117 107</b>	<b>117 107</b>	<b>83 691</b>	<b>147 248</b>	<b>162 834</b>
<b>Renewal of Existing Assets as %</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>14.8%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>17.7%</b>	<b>2.9%</b>	<b>2.2%</b>
<b>Renewal of Existing Assets as %</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>207.6%</b>	<b>207.6%</b>	<b>207.6%</b>	<b>231.3%</b>	<b>31.3%</b>	<b>27.4%</b>
<b>R&amp;M as a % of PPE</b>	<b>10.0%</b>	<b>15.4%</b>	<b>8.3%</b>	<b>5.2%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>1.8%</b>	<b>2.4%</b>	<b>0.0%</b>
<b>Renewal and R&amp;M as a % of PPE</b>	<b>30.0%</b>	<b>19.0%</b>	<b>22.0%</b>	<b>25.0%</b>	<b>37.0%</b>	<b>37.0%</b>	<b>29.0%</b>	<b>14.0%</b>	<b>12.0%</b>

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations, due to higher backlogs. The municipality is currently concentrating in implementing new projects.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

**Figure 2 Depreciation in relation to repairs and maintenance over the MTREF**

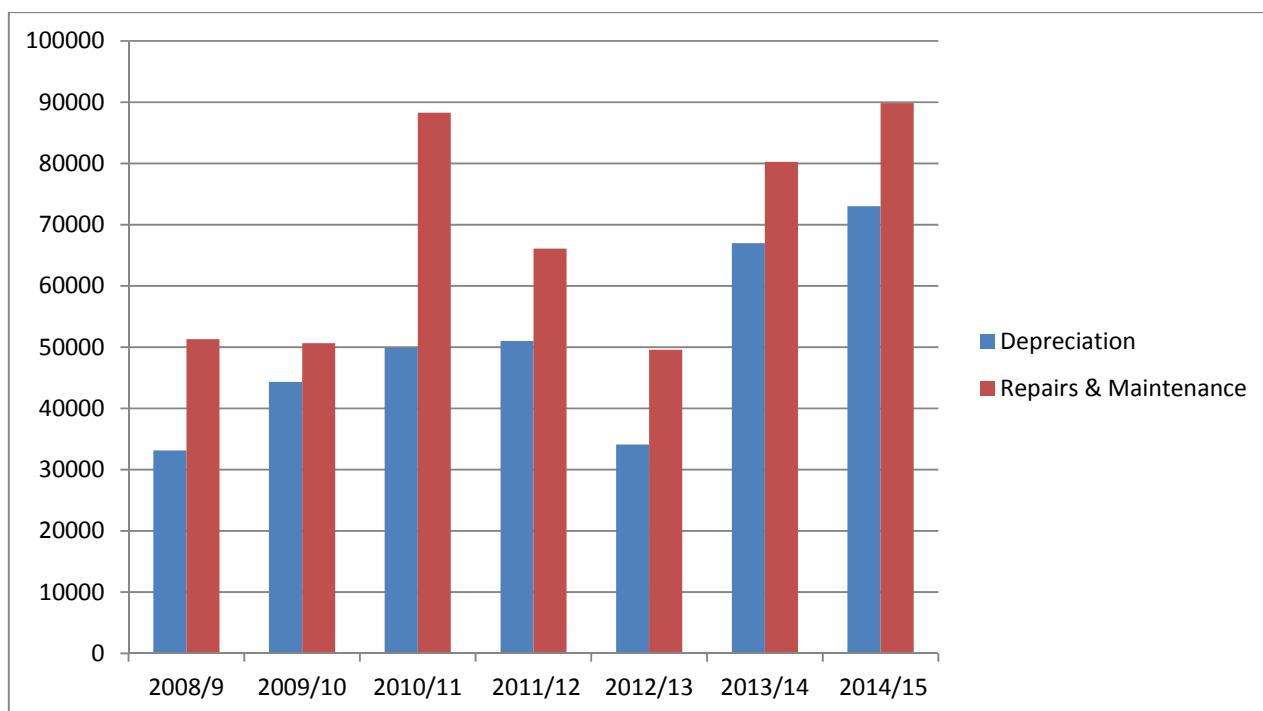


Table 21 MBRR Table A10 - Basic Service Delivery Measurement

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Household service targets</b>									
<b>Water:</b>									
Piped water inside dwelling	11 092	11 148	11 203	11 259	11 259	11 259	11 316	11 372	11 429
Piped water inside yard (but not in dwelling)	23 419	23 419	23 419	23 419	23 419	23 419	23 536	23 653	23 772
Using public tap (at least min.service level)	71 385	71 742	72 101	72 461	72 461	72 461	72 824	73 188	73 554
Other water supply (at least min.service level)	7 761	7 799	7 838	7 878	7 878	7 878	7 917	7 957	7 996
<i>Minimum Service Level and Above sub-total</i>	113 656	114 108	114 561	115 017	115 017	115 017	115 592	116 170	116 751
Using public tap (< min.service level)									
Other water supply (< min.service level)	5 944	5 973	6 003	6 033	6 033	6 033	6 063	6 094	6 124
No water supply	5 703	5 732	5 761	5 789	5 789	5 789	5 818	5 847	5 877
<i>Below Minimum Service Level sub-total</i>	11 647	11 705	11 764	11 823	11 823	11 823	11 882	11 941	12 001
<b>Total number of households</b>	<b>125 303</b>	<b>125 813</b>	<b>126 325</b>	<b>126 839</b>	<b>126 839</b>	<b>126 839</b>	<b>127 474</b>	<b>128 111</b>	<b>128 751</b>
<b>Sanitation/sewerage:</b>									
Flush toilet (connected to sewerage)	4 876	4 901	4 925	4 950	4 975	4 999	5 024	5 050	5 075
Flush toilet (with septic tank)	1 382	1 389	1 396	1 403	1 410	1 417	1 424	1 431	1 438
Chemical toilet	194	195	196	197	198	199	200	201	202
Pit toilet (ventilated)	10 460	10 512	10 565	10 618	10 671	10 724	10 778	10 832	10 886
Other toilet provisions (> min.service level)	5 934	5 963	5 993	6 023	6 053	6 083	6 114	6 144	6 175
<i>Using public tap (&lt; min.service level)</i>	22 846	22 960	23 075	23 190	23 306	23 423	23 540	23 657	23 776
Bucket toilet	—								
Other toilet provisions (< min.service level)	81 006	81 411	81 818	82 227	82 227	82 227	82 638	83 052	83 467
No toilet provisions									
<i>Total number of households</i>	81 006	81 411	81 818	82 227	82 227	82 227	82 638	83 052	83 467
<b>Sanitation/sewerage:</b>	<b>103 852</b>	<b>104 371</b>	<b>104 893</b>	<b>105 417</b>	<b>105 533</b>	<b>105 650</b>	<b>106 178</b>	<b>106 709</b>	<b>107 242</b>
<b>Energy:</b>									
Electricity (at least min.service level)									
Electricity - prepaid (min.service level)	45 951	47 100	48 277	49 484	50 721	51 989	53 289	54 621	55 987
<i>Using public tap (&lt; min.service level)</i>	45 951	47 100	48 277	49 484	50 721	51 989	53 289	54 621	55 987
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources	79 268	78 119	76 942	75 735	74 498	73 230	71 930	70 598	69 232
<i>Total number of households</i>	79 268	78 119	76 942	75 735	74 498	73 230	71 930	70 598	69 232
<b>Sanitation/sewerage:</b>	<b>125 219</b>	<b>125 219</b>	<b>125 219</b>	<b>125 219</b>	<b>125 219</b>	<b>125 219</b>	<b>125 219</b>	<b>125 219</b>	<b>125 219</b>
<b>Refuse:</b>									
Removed at least once a week	5 198	5 224	5 250	5 276	5 276	5 276	5 303	5 329	5 356
<i>Using public tap (&lt; min.service level)</i>	5 198	5 224	5 250	5 276	5 276	5 276	5 303	5 329	5 356
Removed less frequently than once a week	438	440	443	445	445	445	447	449	451
Using communal refuse dump	489	492	494	497	497	497	499	502	504
Using own refuse dump	109 144	109 690	110 238	110 789	110 789	110 789	111 343	111 900	112 460
Other rubbish disposal	51	52	52	52	52	52	52	53	53
No rubbish disposal	9 896	9 946	9 995	10 045	10 045	10 045	10 096	10 146	10 197
<i>Total number of households</i>	120 019	120 619	121 222	121 828	121 828	121 828	122 438	123 050	123 665
<b>Sanitation/sewerage:</b>	<b>125 217</b>	<b>125 843</b>	<b>126 472</b>	<b>127 105</b>	<b>127 105</b>	<b>127 105</b>	<b>127 740</b>	<b>128 379</b>	<b>129 021</b>
<b>Households receiving Free Basic Service</b>									
Water (6 kilolitres per household per month)	74 915	75 289	75 666	76 044	76 424	76 806	77 190	77 576	77 964
Sanitation (free minimum level service)	5 934	5 963	5 993	6 023	6 053	6 083	6 114	6 144	6 175
Electricity/other energy (50kwh per household)	416	418	420	422	424	427	429	431	433
Refuse (removed at least once a week)	571	574	577	580	583	585	588	591	594
<b>Cost of Free Basic Services provided (R'000)</b>									
Water (6 kilolitres per household per month)	532	535	537	540	543	545	548	551	554
Sanitation (free sanitation service)	10	10	10	11	11	11	11	11	11
Electricity/other energy (50kwh per household)	12	12	13	14	14	14	15	15	16
Refuse (removed once a week)	12	13	14	15	15	15	16	17	18
<b>Total cost of FBS provided (minimum social)</b>	<b>566</b>	<b>570</b>	<b>575</b>	<b>579</b>	<b>582</b>	<b>585</b>	<b>590</b>	<b>594</b>	<b>598</b>
<b>Highest level of free service provided</b>									
Property rates (R value threshold)	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000	15 000
Water (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	6	6	6	6	6	6	6	6	6
Sanitation (Rand per household per month)	12	12	13	14	14	14	15	16	17
Electricity (kwh per household per month)									
Refuse (average litres per week)	143	143	144	145	146	146	147	148	149
<b>Revenue cost of free services provided (R'000)</b>									
Property rates (R15 000 threshold rebate)									
Property rates (other exemptions, reductions and rebates)	30	33	30	34	34	34	39	42	46
Water	5 955	4 613	4 226	6 480	6 480	6 480	4 998	7 558	8 215
Sanitation	2 136	2 310	2 672	2 281	2 281	2 281	1 964	2 661	2 729
Electricity/other energy									
Refuse									
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									

**Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Water services – backlog will be reduced by over 1000 households in 2012/13 to just 700 households. These households are largely found in ‘reception areas’ and will need to formalise the areas so that they can receive services.
  - b. Sanitation services – backlog will be reduced by over 3000 households over the MTREF. The number of households with no toilet provision will be reduced after completion of rural sanitation project in 2012/13.
  - c. Electrification – backlog will be reduced by ESKOM and the municipality to non electrified households. As indicated elsewhere, the emphasis in the sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 2700 households budgeted to be electrified in 2013/14.
  - d. Refuse services – backlog will be reduced in 2012/13, and a further 14 000 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for indigent households in 2012/13, and therefore entitled to receiving Free Basic Services. The number is set to increase given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality, and the cost will be covered by the municipality’s equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also ‘gives’ households free services in 2012/13, and also the entire MTREF period. This ‘tax expenditure’ needs to be seen within the context of the municipality’s overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the ‘free services’ represent about 4 per cent of total operating revenue.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Executive Mayor or MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2011. Key dates applicable to the process were:

- **August 2011** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2011/12 MTREF;
- **November - December 2011** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **January 2011** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 January 2011** - Council considers the 2010/11 Mid-year Review and Adjustments Budget;
- **February 2011** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2011/12 MTREF is revised accordingly;



- **31 March 2012** - Tabling in Council of the draft 2012/13 IDP and 2012/13 MTREF for public consultation;
- **April 2012** – Public consultation;
- **11 May 2012** - Closing date for written comments;
- **14 May 2012 to 25 May 2012** – finalisation of the 2012/13 IDP and 2012/13 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **31 May 2011** - Tabling of the 2012/13 MTREF before Council for consideration and approval.

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2012/13 MTREF, based on the approved 2011/12 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2012/13 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2011/12 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2012/13 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2012/13 MTREF:

- Municipality growth
- Policy priorities and strategic objectives

- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2011/12 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community Consultation**

The draft 2012/13 MTREF as tabled before Council on 30 March 2012 for community consultation, hard copies were made available at head quarters, all 11 regional offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process in April 2012, and included 3 public briefing sessions that were held. The applicable dates and venues were published in all the local newspapers and on average attendance of  $\pm 400$  was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the finalisation of the 2012/13 MTREF. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The Municipality is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- Several complaints were received regarding poor service delivery, especially water supply, bad conditions of access roads and bridges,
- Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;

- During the community consultation process large sections of the community made it clear that they are not in favour of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

Significant changes effected in the final 2012/13 MTREF compared to the draft 2012/13 MTREF that was tabled for community consultation, include:

- The final service charges tariff increase, applicable to municipalities from 1 July 2012, was factored into the proposed consumer tariffs, applicable from 1 July 2012.
- An amount of R100 million was reduced from own revenue projections from the draft budget, due to the current level of collections which is very low, and thus impacted on the Operational budget to be reduced by from R 580 million to R 508 million, which represents R 73 million reduction, and Capital budget has been reduced from R 537 million to R 511 million, which represents R 27 million reduction.

## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the IDP of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment

between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2012/13 MTREF and further planning refinements that have directly informed the compilation of the budget:

**Table 22 IDP Strategic Objectives**

**Municipal Goals and Strategic Objectives**

Municipal Goals	Strategic Objectives
<b>Goal 1:</b> Ensuring integrated development planning for the Municipality as a whole	<ul style="list-style-type: none"> <li>• Strengthen existing IDP structures</li> <li>• Improve the IDP and budget planning process</li> <li>• Ensure implementation of IDP priorities</li> <li>• Allocate available funds to identified priorities on a Multi-Year Plan</li> <li>• Promote Public-Private-Partnerships Ensure implementation of tourism and LED strategy</li> </ul>

<b>Goal 2:</b> Promoting bulk infrastructural development and services for the Municipality as a whole	<ul style="list-style-type: none"> <li>• Conduct research and development on existing and future infrastructure development and services</li> <li>• Solicit additional funding for infrastructural development and services</li> <li>• Monitoring the implementation of capital projects and services</li> </ul>
<b>Goal 3:</b> Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking	<ul style="list-style-type: none"> <li>• Assess the capacity of Bushbuckridge Local Municipality</li> <li>• Provide support to regional offices</li> <li>• Strengthen inter-governmental relations</li> </ul>
<b>Goal 4:</b> Promoting the equitable distribution of resources between all the wards in the Municipal area to ensure appropriate levels of municipal services within the areas	<ul style="list-style-type: none"> <li>• Conduct constant monitoring of municipal services</li> <li>• Facilitate appropriate response for identified priority needs</li> </ul>
<b>Goal 5:</b> Building a modern and performance driven municipality	<ul style="list-style-type: none"> <li>• Implement performance management system</li> <li>• Create awareness and buy-in to BLM strategy</li> <li>• Improve communication strategy</li> <li>• Continuous assessment and staff development through PMS</li> </ul>

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

### Community Based Planning and Priority Issues

The following table outlines and summaries the challenges and service delivery priorities per ward:

	REMARKS	WARD
1. Water	<ul style="list-style-type: none"> <li>• Insufficient water</li> <li>• Insufficient supply</li> <li>• Reticulation</li> </ul>	All Wards 1-37
2. Sanitation	<ul style="list-style-type: none"> <li>• Insufficient sanitation</li> <li>• Lack of bulk sewerage infrastructure</li> <li>• VIP Toilets</li> </ul>	All Wards 1-37
3. Transport and Communication	<ul style="list-style-type: none"> <li>• Lack of telephones</li> <li>• Lack of information centers</li> <li>• Traffic services</li> <li>• Establishment and upgrading of bus and taxi ranks</li> </ul>	1,2,8,9,11,13,21,22,25,30,31,34,35,36,& 37
4. Energy	<ul style="list-style-type: none"> <li>• Insufficient electrification</li> <li>• Extensions</li> <li>• Power Failure</li> <li>• Use of alternative energy sources</li> </ul>	2,5,6,10,11,12,13,14,15,16,18,21,23,24, 27,31,33,34,35,&36.
5. Economic Growth and Development	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Construction of business centers</li> <li>• Upgrading of land tenure</li> <li>• Grazing land</li> <li>• Market Stalls</li> <li>• Farming</li> <li>• Cultural villages</li> <li>• Market opportunities</li> </ul>	All Wards 1-37
6. Disabled	<ul style="list-style-type: none"> <li>• User friendly schools for disabled</li> <li>• Skills development</li> </ul>	1,6,&19

	REMARKS	WARD
7. Roads / Streets and bridges	<ul style="list-style-type: none"> <li>• Opening of streets</li> <li>• Rehabilitation streets</li> <li>• Re-gravelling and grading</li> </ul>	All Wards 1-37
7. Human Settlement	<ul style="list-style-type: none"> <li>• Provision of land for housing development</li> <li>• Provision of houses</li> </ul>	All wards 1-37

The following are the priority areas identified:

- Provide water;
- Provide roads, bridges and storm water;
- Provide sanitation;
- Provide waste removal;
- Provide Municipality planning services; and
- Maintaining the infrastructure of the Municipality.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into the following strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Maintaining existing R29 Towns;
- Strengthening key economic clusters;
- Strengthening the relationship with Chiefs;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.



**Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
structures . Improve the IDP and budget planning process. Ensure implementation of IDP priorities. Allocate available funds to identified priorities on a Multi-Year Plan. Promote Public-Private-Partnerships. Ensure implementation of tourism and LED strategy	Goal 1: Ensuring Intergrated Development Planning for the Municipality as a whole	idp	325	161	229	278	178	178	200	313	364
Conduct research and development on existing and future infrastructure development and services . Solicit additional funding for infrastructural development and services. Monitoring the implementation of capital projects and services	Goal 2: Promoting Bulk lifrastructural development services for the municipality	bulk	71 689	78 930	93 140	91 000	91 000	91 000	100 000	108 000	116 000
Assess the capacity of Bushbuckridge Local Municipality . Provide support to regional offices. Strengthen inter-governmental relations	Goal 3: Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking		3 379	2 680	2 771	3 250	3 250	3 250	3 650	3 712	2 796
Conduct constant monitoring of municipal services. Facilitate appropriate response for identified priority needs	Goal 4: Promoting the equitable distribution of resources between all the wards in the municipal area to ensure appropriate levels of municipal services within the areas		299 132	348 006	398 771	434 647	421 647	421 647	482 202	636 179	727 169
Implement performance management system. Create awareness and buy-in to BLM strategy. Improve communication strategy. Continuous assessment and staff development through PMS	Goal 5: Building a modern and perform driven municipality		57 927	149 224	374 465	635 807	464 388	464 388	437 142	627 625	662 089

**Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Ref	2008/9 Audited Outcome	2009/10 Audited Outcome	2010/11 Audited Outcome	Current Year 2011/12			2012/13 Medium Term		
R thousand						Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
structures . Improve the IDP and budget planning process. Ensure implementation of IDP priorities. Allocate available funds to identified priorities on a Multi-Year Plan. Promote Public-Private-Partnerships. Ensure implementation of tourism and LED strategy	Goal 1: Ensuring Intergrated Development Planning for the Municipality as a whole	idp	325	161	229	278	178	178	200	313	364
Conduct research and development on existing and future infrastructure development and services . Solicit additional funding for infrastructural development and services. Monitoring the implementation of capital projects and services	Goal 2: Promoting Bulk infrastructural development services for the municipality	bulk	71 689	78 930	93 140	91 000	91 000	91 000	100 000	108 000	116 000
Assess the capacity of Bushbuckridge Local Municipality . Provide support to regional offices. Strengthen inter-governmental relations	Goal 3: Building the capacity of BLM to perform its functions and exercise its powers where such capacity is lacking		3 379	2 680	2 771	3 250	3 250	3 250	3 650	3 712	2 796
Conduct constant monitoring of municipal services. Facilitate appropriate response for identified priority needs	Goal 4: Promoting the equitable distribution of resources between all the wards in the municipal area to ensure appropriate levels of municipal services within the areas		299 132	348 006	398 771	434 647	421 647	421 647	482 202	636 179	727 169
Implement performance management system. Create awareness and buy-in to BLM strategy. Improve communication strategy. Continuous assessment and staff development through PMS	Goal 5: Building a modern and perform driven municipality		57 927	149 224	374 465	635 807	464 388	464 388	437 142	627 625	662 089

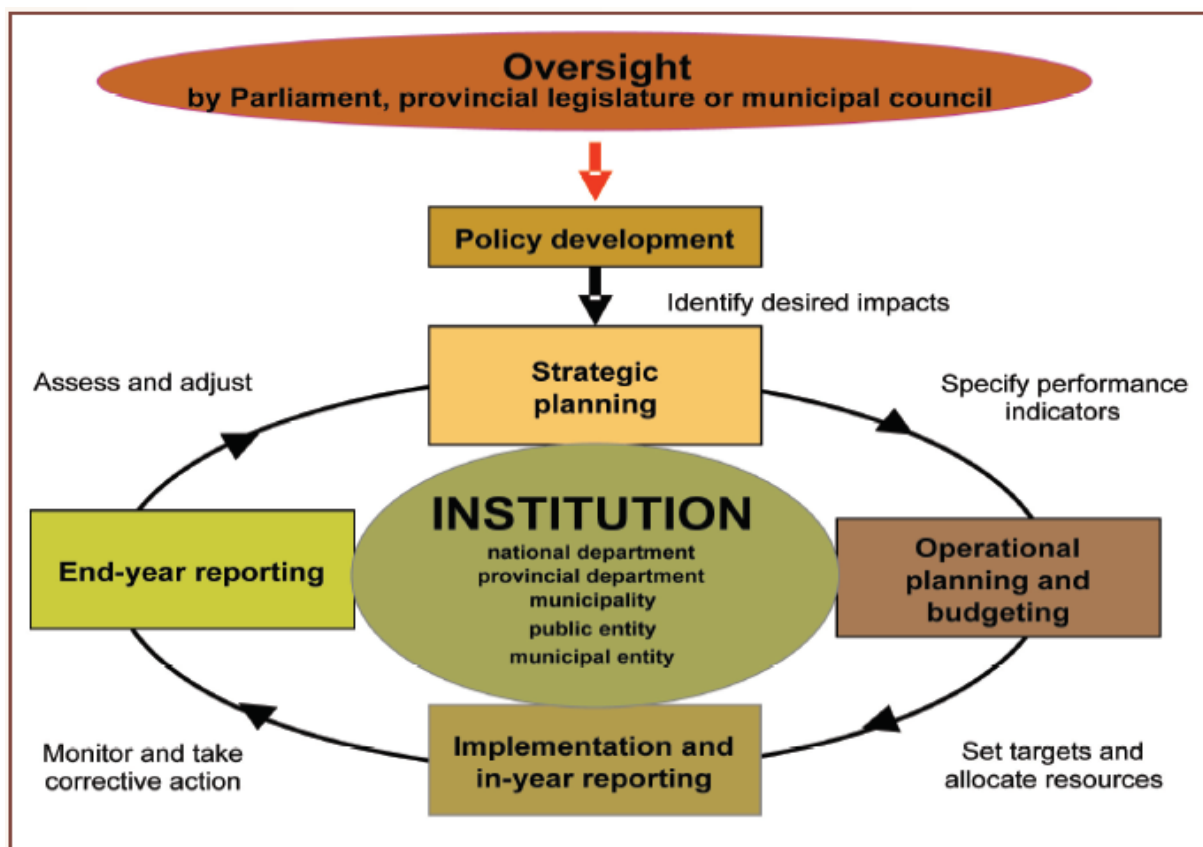
**Table 25 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
the municipality through bulk supply, reticulation, purification and storage infrastructures	To meet the Presidential target for the Bushbuckridge population, provide potable water by 2014, and increase	A	127 089	168 346	144 885	329 400	263 150	263 150	326 758	277 102	232 165
Establishing partnerships with communities for installation of metered water supply (cost EPWP VIP project to erect panel based structures	To meet the Presidential target for the Bushbuckridge population, being	B	3 811	10 708	85 000	104 000	95 250	95 250	61 500	71 500	56 564
Strategy B: To provide water borne sewerage systems as Strategy A: Upgrade and rehabilitate access roads and internal main roads Strategy B: Upgrading and re-gravelling as part of the road upgrading and rehabilitation program	To improve condition of access roads and internal streets in all settlements and towns, improve condition of gravel roads, provide sufficient storm-water drainage for access roads and internal	C	20 248	53 919	86 817	133 500	51 500	51 500	68 000	370 300	311 200
Strategy C: Construction of storm-water drainage as part of the road upgrading and maintenance program		D									
Strategy A: Create an environment that is conducive for economic growth.	Ensure economic growth and reduce unemployment rate in the Bushbuckridge municipal area.	E	7 491	12 327	23 289	48 000	29 100	29 100	21 450	75 950	53 580
Strategy B: Promote tourism by establishing arts and cultural centres Strategy C: Promote communal farming projects		F									
Strategy E: Ensure job improvement of sewerage systems in the towns within the municipality	Projects to achieve Presidential targets for refuse collection & disposal services- 2012	G	35	-	3 500	5 500	5 100	5 100	3 300	23 000	1 000
Strategy B: Provision of pit latrines Strategy C: Enforcement of applicable	To provide sufficient, well-maintained and accessible community facilities throughout the		8 492	9 873	33 288	48 158	24 358	24 358	26 300	90 402	59 264
Strategy A: Provide WFOCS to all communities Strategy B: Upgrade existing community facilities and establish new ones											
Strategy A: Implement recommended organizational structure of the municipality	Projects to achieve Presidential targets for BLM capacitating of employees - 2010		6 237	2 724	4 679	12 700	5 800	5 800	3 500	29 295	49 330
Strategy B: Formulate and implement proper procurement policy Strategy C: Speed											
Allocations to other priorities											
Total Capital Expenditure			173 402	257 896	381 458	681 258	474 258	474 258	510 808	937 549	763 103

## 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

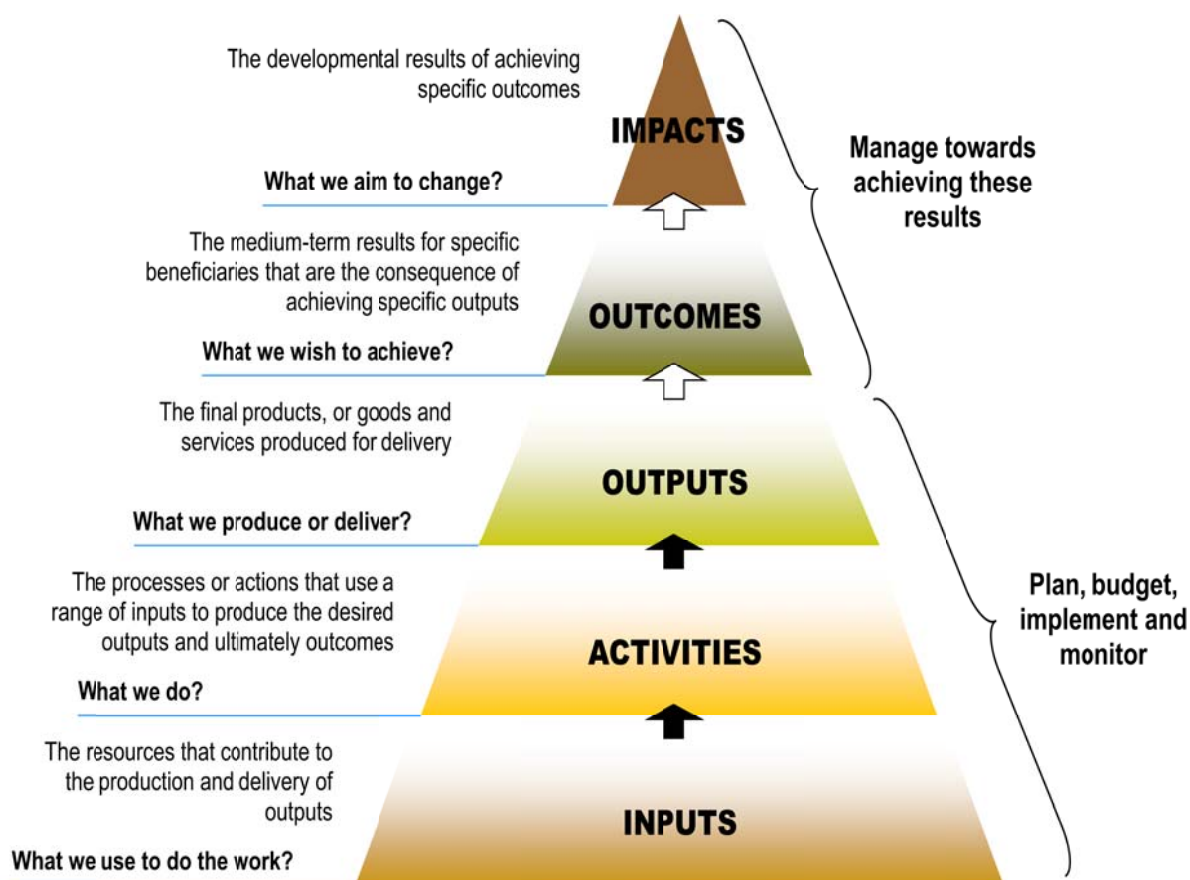


**Figure 3 Planning, budgeting and reporting cycle**

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 4 Definition of performance information concepts**

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

**Table 26 MBRR Table SA7 - Measurable performance objectives**

The following table sets out the municipalities main performance objectives and benchmarks for the 2011/12 MTREF.

**Table 27 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b><u>Borrowing Management</u></b>										
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing / Own Revenue	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%	0.3%	0.1%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>										
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>										
Current Ratio	Current assets/current liabilities	–	0.0	0.1	0.1	0.1	0.1	0.2	0.1	0.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	0.0	0.1	0.1	0.1	0.1	0.2	0.1	0.2
Liquidity Ratio	Monetary Assets/Current Liabilities	–	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	–
<b><u>Revenue Management</u></b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		108.5%	118.5%	80.8%	86.2%	71.4%	71.4%	47.0%	52.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other			108.5%	124.8%	89.2%	94.7%	85.1%	85.1%	71.0%	59.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	16.4%	3.8%	6.3%	1.5%	2.9%	2.9%	8.1%	2.2%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<b><u>Creditors Management</u></b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	65.0%	68.0%	69.0%	70.0%	88.0%	88.0%	96.0%	100.0%	100.0%
Creditors to Cash and Investments		0.0%	-123.8%	-90.8%	-144.9%	-188.4%	-185.2%	-436.3%	-62.0%	-27.3%
<b><u>Other Indicators</u></b>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated									
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source									
Employee costs	Employee costs/(Total Revenue - capital revenue)	33.7%	33.6%	23.7%	22.7%	28.9%	28.9%	28.7%	21.4%	21.4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	37.4%	36.6%	25.3%	25.8%	32.4%	32.4%	31.9%	24.7%	24.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	17.3%	12.1%	12.5%	8.9%	10.6%	10.6%	8.1%	8.0%	8.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.2%	10.6%	7.1%	6.3%	8.2%	8.2%	5.6%	6.7%	0.0%
<b><u>IDP regulation financial viability indicators</u></b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial	22.4	8.2	27.3	14.4	14.4	14.4	18.9	–	–
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	143.5%	24.3%	14.2%	3.7%	9.5%	9.5%	38.5%	4.7%	0.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(5.1)	(8.4)	(8.8)	(5.5)	(3.9)	(4.0)	(2.1)	(14.6)	–

## 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 Capital budget

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Bushbuckridge Local Municipality's does not have a borrowing strategy, due to the low revenue collections. The following financial performance indicators have formed part of the compilation of the 2012/13 MTREF:

In summary, various financial risks could have a negative impact on the future revenue projections of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2012/13 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

90 percent (R457 million) of the capital budget will be funded through government grants and only 11 percent (R54 million) will be funded through own revenue collection.

### 2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2012/13 MTREF the current ratio is 0.2 in the 2012/13 financial year and 0.1 and 0.2 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2012/13 financial year the ratio was 0.0 and as part of the financial planning strategy it will remain the same as 0.0 in the MTREF. **This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.**

### 2.3.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework will be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### 2.3.1.4 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 80 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 2.3.1.5 Other Indicators

- The water distribution losses will have to be monitored by the municipality and Bushbuckridge water board. This will be achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the Municipality to further leverage from the efficiency that the centre offers. It is planned to further reduce distribution losses by 2013/14.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

### 2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2012/13 financial year indigents households have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kℓ free water, free basic electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.



### **2.3.3 Providing clean water and managing waste water**

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. Approximately 69 per cent of the Municipality's bulk water needs are provided directly by Bushbuckridge Water Board in the form of purified water. The remaining 31 per cent is generated from the Municipality's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

The following is briefly the main challenges facing the Municipality in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.4.1 Review of credit control and debt collection procedures/policies**

The Collection Policy as approved by Council is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme

also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2012/13 MTREF has been prepared on the basis of achieving an average debtors' collection rate of at-least 71 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

#### **2.4.2 Asset Management Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

#### **2.4.3 Budget Adjustment**

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

#### **2.4.4 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in February 2011 . An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

### **2.4.5 Budget Policy**

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget Policy was approved by Council in August 2009 and was amended in respect of both Operating and Capital Budget Fund Transfers.

### **2.4.6 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy was amended by Council in January 2011. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

### **2.4.7 Tariff Policies**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

### **2.4.8 Financial Modelling and Scenario Planning Policy**

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2012/13 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2011/12 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

The following budget related policies are available:

- Property Rates Policy;
- Funding and Reserves Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk water; and
- The increase in the cost of remuneration. Employee related costs comprise 9 per cent of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC concluded with the municipal workers unions on 31 July 2009 as well as the categorisation and job evaluation wage curves collective agreement signed on 21 April 2010 must be noted.

### **2.5.3 Credit rating outlook**

#### **Table 28 Credit rating outlook**

The rating definitions are:

- Short term : Prime – 1  
Short-Term Debt Ratings (maturities of less than one year)  
Prime-1 (highest quality)
- Long-term : Aa3  
Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

#### **2.5.4 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (15 per cent) of annual billings. Cash flow is assumed to be 15 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The non-performance of revenue collections will however impact negatively on municipal cash flow. The municipality is currently not doing good in terms of revenue collections.

#### **2.5.5 Growth or decline in tax base of the municipality**

Debtors revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.5.6 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. Year three is an across the board increase of 8.54 per cent.

#### **2.5.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link

between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## 2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95 per cent is achieved on operating expenditure and 90 per cent on the capital programme for the 2012/13 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

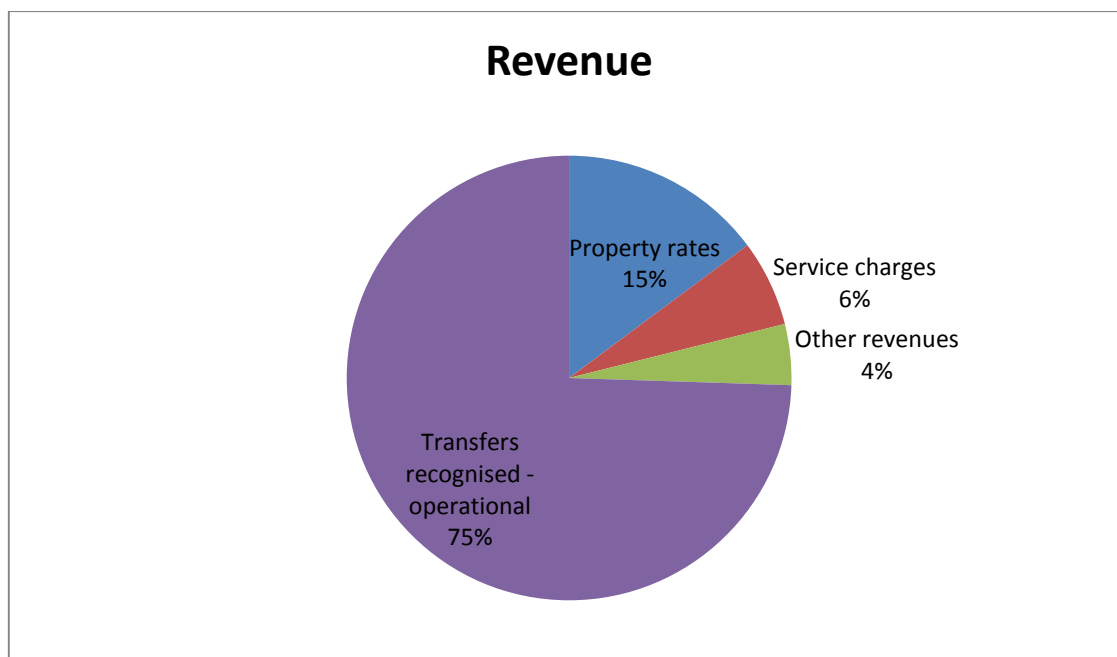
### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 29 Breakdown of the operating revenue over the medium-term**

R thousand	Original Budget	Adjusted Budget	Full Year Forecast	% Allocation	Budget Year 2012/13	% Allocation	Budget Year +1 2013/14	% Allocation	Budget Year +2 2014/15	% Allocation
<b>Revenue By Source</b>										
Property rates	281 595	143 595	143 595	23%	90 956	15%	398 052	40%	436 072	39%
Service charges - Water revenue	53 167	43 157	43 157	7%	38 565	6%	74 455	7%	82 010	7%
Other revenue	46 871	50 990	50 990	8%	27 146	4%	52 081	5%	55 945	5%
Transfers recognised - operational	428 179	386 651	386 651	62%	457 510	74%	478 680	48%	534 005	48%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>809 812</b>	<b>624 393</b>	<b>624 393</b>	<b>100%</b>	<b>614 177</b>	<b>100%</b>	<b>1 003 268</b>	<b>100%</b>	<b>1 108 031</b>	<b>100%</b>
<b>Total Operating expenditures</b>	<b>638 464</b>	<b>600 991</b>	<b>600 991</b>	<b>-</b>	<b>507 646</b>		<b>751 895</b>		<b>818 955</b>	
<b>Surplus</b>	<b>171 348</b>	<b>23 402</b>	<b>23 402</b>	<b>0</b>	<b>106 531</b>	<b>0</b>	<b>251 372</b>	<b>0</b>	<b>289 077</b>	<b>0</b>

The following graph is a breakdown of the operational revenue per main category for the 2012/13 financial year.



**Figure 5 Breakdown of operating revenue over the 2012/13 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2012/13 MTREF on the different revenue categories are:

**Table 30 Proposed tariff increases over the medium-term**

Revenue Category	2011/12 proposed tariff increase	2012/13 proposed tariff increase	2011/12 Total budgeted revenue	2012/13 Total budgeted revenue	2012/13 Revenue to be collected	2012/13 Revenue to be collected
Property Rates					90 956	398 052
Water	9%	9%	6.93	7.6	30 875	65 319
Sanitation	9%	9%	0.56	0.62	2 137	2 699
Refuse	12%	12%	31.28	39.9	2 754	3 414

Revenue to be generated from property rates is estimated at R91 million in the 2012/13 financial year and increases to R398 million by 2013/14, which will be reviewed based on the current collection, and It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition there are still outstanding objections, although significant progress was made in dealing with these objections in the 2011/12 financial year. It is anticipated that the process will be concluded by the end of October 2012. As the levying of property rates is considered a strategic revenue source a further supplementary valuation process will be undertaken in the 3<sup>rd</sup> quarter of the 2012/13 financial year. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to water, sanitation and refuse removal constitutes the lowest component of the revenue basket of the Municipality totalling R36 million for the 2012/13 financial year and increasing to R71 million by 2013/14. For the 2012/13 financial year services charges amount to 5 per cent of the total revenue base and grows by 1 per cent per annum over the medium-term.

Operational grants and subsidies represents a significant amount in the revenue budget for the municipality. Almost 85 percent of the allocation is from government grants, and the projected collection is only 15 percent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by for the two outer years. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high decreases in revenue relating to services charges.

Investment revenue (interest received) contributes marginally to the revenue base of the Municipality for the respective three financial years of the 2012/13 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored.



Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

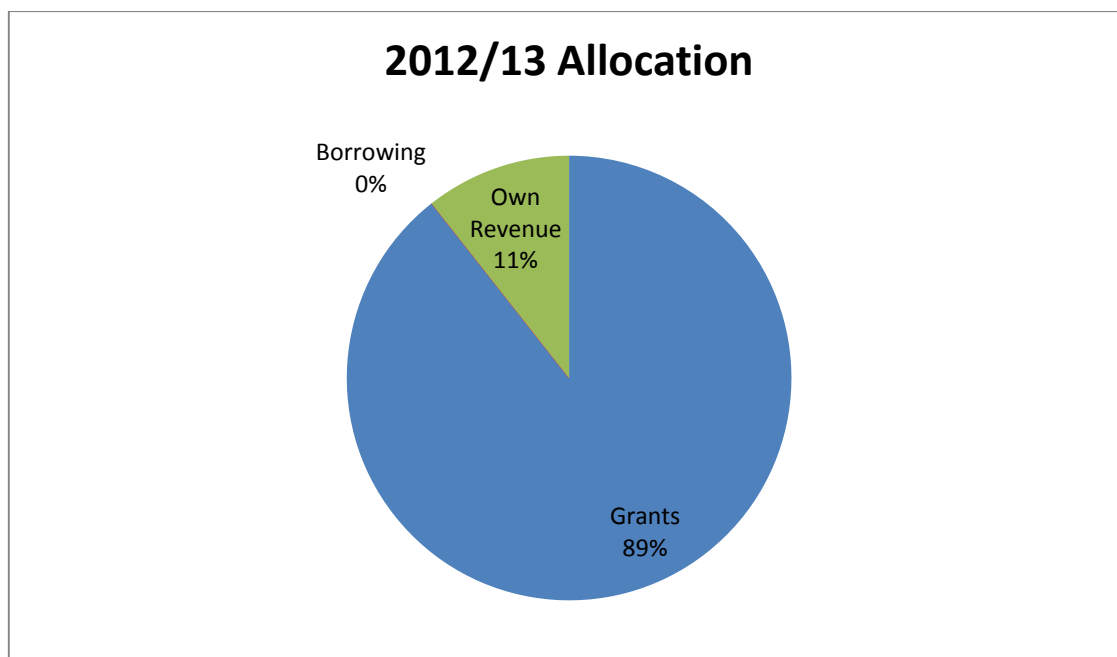
## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2012/13 medium-term capital programme:

**Table 31 Sources of capital revenue over the MTREF**

Description	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework				
R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	% Allocation	Budget Year +1 2013/14	% Allocation	Budget Year +2 2014/15
Transfers received	614 388	474 258	474 258	456 605	89.39%	607 282	64.77%	426 173
Public contributions	–	–	–	–	0.00%	–	0.00%	–
Borrowing	–	–	–	–	0.00%	–	0.00%	–
Internally generated	66 870	–	–	54 203	10.61%	330 267	35.23%	336 930
<b>total</b>	<b>681 258</b>	<b>474 258</b>	<b>474 258</b>	<b>510 808</b>	<b>100.00%</b>	<b>937 549</b>	<b>100.00%</b>	<b>763 103</b>

The above table is graphically represented as follows for the 2012/13 financial year.



**Figure 6 Sources of capital revenue for the 2012/13 financial year**

Capital grants and receipts equates to 89 per cent of the total funding source which represents R457 million for the 2012/13 financial year and steadily increase to R608 million or 65 per cent by 2013/14. Borrowing still remains a non-significant funding source for the capital programme over the medium-term with an estimated zero amount to be raised for each of the respective financial years of the MTREF. As explained earlier, the municipality does not have a borrowing strategy to finance its capital activities.

The following table is a detailed analysis of the Municipality's borrowing liability.

**Table 32 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital Transfers and Grants</b>									
National Government:	134 951	160 143	143 789	347 734	347 734	347 734	376 605	313 282	346 173
Municipal Infrastructure Grant (MIG)	125 855	159 988	143 110	235 834	235 834	235 834	286 020	301 782	327 345
Regional Bulk Infrastructure	9 096	–	–	105 900	105 900	105 900	78 585	–	–
Rural Households Infrastructure	–	–	–	4 000	4 000	4 000	9 000	5 500	8 000
Neighbourhood Development Partnership	–	155	680	2 000	2 000	2 000	3 000	1 000	2 000
Neighbourhood Development Partnership Capital Grants	–	–	–	–	–	–	–	5 000	8 828
Provincial Government:	–	6 061	–	–	–	–	–	–	–
Ga-Mthakathi to Wales Road Phase 2		6 061							
District Municipality:	–	4 500	–	–	–	–	–	–	–
Dwarsloop Disaster Management Centre		4 500							
Other grant providers:	–	–	10 055	–	–	–	–	–	–
Private Sector Grant			55						
Hoxane WWTW (Mbombela LM)			10 000						
<b>Total Capital Transfers and Grants</b>	<b>134 951</b>	<b>170 703</b>	<b>153 844</b>	<b>347 734</b>	<b>347 734</b>	<b>347 734</b>	<b>376 605</b>	<b>313 282</b>	<b>346 173</b>

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 33 MBRR Table A7 - Budget cash flow statement**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>									
Ratepayers and other	55 815	95 310	299 205	358 855	200 764	200 764	148 265	495 703	544 517
Government - operating	237 581	339 301	371 534	428 179	386 651	386 651	457 510	478 680	534 005
Government - capital	134 951	160 143	160 255	355 170	356 070	356 070	409 017	372 561	400 385
Interest	8 475	2 673	9 663	12 344	26 544	26 544	3 662	6 210	7 182
Dividends									
<b>Payments</b>									
Suppliers and employees	(383 005)	(434 194)	(770 551)	(638 189)	(600 716)	(600 716)	(507 646)	(751 585)	(818 613)
Finance charges	(178)	(184)	(212)	(275)	(275)	(275)	(310)	(342)	(369)
Transfers and Grants									
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>53 639</b>	<b>163 048</b>	<b>69 894</b>	<b>516 084</b>	<b>369 038</b>	<b>369 038</b>	<b>510 498</b>	<b>601 227</b>	<b>667 108</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	887	670	(78)	109	109	109	113	(69)	54
Decrease (Increase) in non-current debtors		(6 202)	(27 642)	(31 250)	(31 250)	(31 250)	(36 250)	(38 063)	(39 966)
Decrease (increase) other non-current receivables		1 372	(661)	(998)	(998)	(998)	(1 022)	(1 073)	(1 126)
Decrease (increase) in non-current investments		-							
<b>Payments</b>									
Capital assets	(173 370)	(258 036)	(254 295)	(681 258)	(474 258)	(474 258)	(510 808)	(937 549)	(763 103)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(172 483)</b>	<b>(262 195)</b>	<b>(282 676)</b>	<b>(713 397)</b>	<b>(506 397)</b>	<b>(506 397)</b>	<b>(547 967)</b>	<b>(976 753)</b>	<b>(804 141)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	(2 377)	(34)	(2 411)	(2 445)	(4 855)	(5 098)	(5 353)	(5 621)
<b>Payments</b>									
Repayment of borrowing	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>-</b>	<b>(2 377)</b>	<b>(34)</b>	<b>(2 411)</b>	<b>(2 445)</b>	<b>(4 855)</b>	<b>(5 098)</b>	<b>(5 353)</b>	<b>(5 621)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(118 844)</b>	<b>(101 524)</b>	<b>(212 815)</b>	<b>(199 723)</b>	<b>(139 803)</b>	<b>(142 214)</b>	<b>(42 567)</b>	<b>(380 880)</b>	<b>(142 654)</b>
Cash/cash equivalents at the year begin:		(118 844)	(220 368)					(42 567)	(423 447)
Cash/cash equivalents at the year end:	(118 844)	(220 368)	(433 184)	(199 723)	(139 803)	(142 214)	(42 567)	(423 447)	(566 100)

The above table shows that cash and cash equivalents of the Municipality were largely depleted between the 2007/08 and 2010/11 financial year moving from a positive negative cash balance that clearly indicates a deficit amount for all the approved MTREF. With the 2011/12 adjustments budget, the municipality lost R 42 Million that was unspent for conditional grants for MIG, and that impacted negatively on the municipal finances. Various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality is currently undertaking an extensive debt collection process to boost cash levels. These initiatives and interventions will translate into a positive cash position for the Municipality in the future. For the 2012/13 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be negative, and that will also be determined by the level of collection by the municipality.

#### **2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation**

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 34 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash and investments available</b>									
Cash/cash equivalents at the year end	(118 844)	(220 368)	(433 184)	(199 723)	(139 803)	(142 214)	(42 567)	(423 447)	(566 100)
Other current investments > 90 days	147 530	209 051	439 541	212 607	151 126	153 537	53 990	435 968	575 769
Non current assets - Investments	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>	<b>28 686</b>	<b>(11 317)</b>	<b>6 357</b>	<b>12 884</b>	<b>11 324</b>	<b>11 324</b>	<b>11 424</b>	<b>12 522</b>	<b>9 669</b>
<b>Application of cash and investments</b>									
Unspent conditional transfers	-	45 400	94 679	49 276	49 276	49 276	30 115	29 145	36 426
Unspent borrowing	-	-	-	-	-	-	-	-	-
Statutory requirements									
Other working capital requirements	(52 923)	252 775	353 732	277 710	248 248	248 248	352 632	378 021	278 214
Other provisions									
Long term investments committed	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments									
<b>Total Application of cash and investm</b>	<b>(52 923)</b>	<b>298 175</b>	<b>448 411</b>	<b>326 986</b>	<b>297 524</b>	<b>297 524</b>	<b>382 747</b>	<b>407 166</b>	<b>314 640</b>
<b>Surplus(shortfall)</b>	<b>81 609</b>	<b>(309 492)</b>	<b>(442 054)</b>	<b>(314 102)</b>	<b>(286 200)</b>	<b>(286 200)</b>	<b>(371 323)</b>	<b>(394 645)</b>	<b>(304 971)</b>

From the above table it can be seen that the cash and investments available total R11 million in the 2012/13 financial year and progressively increase to R13 million in 2013/14, and including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2011/12 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.
- AFS for 2010/11, indicated unspent amount of R92 Million as at the end of June 2011, and the municipality applied for approvals for roll-over that was approved by National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.
- An amount of R 42 Million was deducted from the 2011/12 equitable share allocation by National Treasury as part of the unspent conditional grants for 2009/10 that was not approved by National Treasury when applied for roll over.

- For the 2012/13 financial year provisions has been made for this liability as the total unspent conditional grant liability of R30 million. The Municipality has received the necessary roll-over approval from the National Treasury.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. **High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as this has been experienced by the Municipality, resulting in cash flow challenges.** For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. **Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.**
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

**It can be concluded that the Municipality has a deficit against the cash backed and accumulated surpluses reconciliation.** The level of non cash-backing progressively deteriorated over the entire MTREF period. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the Municipality. **As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives.** It is aimed that this deficit would have been significantly reduced translating into a surplus only if the revenue collection for the municipality be effective. It needs to be noted that for all practical purposes the 2011/12 MTREF was unfunded when considering the funding requirements of section 18 and 19 of the MFMA. **The 2012/13 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA.** However, from a practical perspective it would not be possible to eradicate this deficit in one financial year hence the phased approach over the MTREF. Nevertheless from a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

### 2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 35 MBRR SA10 – Funding compliance measurement**

Description	MFMA section	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures										
Cash/cash equivalents at the year end - R'000	18(1)b	(118 844)	(220 368)	(433 184)	(199 723)	(139 803)	(142 214)	(80 832)	(647 415)	(1 019 586)
Cash + investments at the yr end less application	18(1)b	81 609	(309 492)	(442 054)	(314 102)	(286 200)	(286 200)	(371 323)	(404 441)	(304 971)
Cash year end/monthly employee/supplier paym	18(1)b	(5.1)	(8.4)	(8.8)	(5.5)	(3.9)	(4.0)	(2.1)	(14.6)	–
Surplus/(Deficit) excluding depreciation offsets: R'	18(1)	56 026	146 074	30 093	575 416	406 232	406 232	534 826	669 910	738 818
Service charge rev % change - macro CPIX target	18(1)a,(2)	N.A.	89.7%	368.3%	1.7%	(50.2%)	(6.0%)	(36.6%)	3.6%	(6.0%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	108.5%	124.8%	89.2%	94.7%	85.1%	85.1%	70.5%	60.4%	0.0%
Debt impairment expense as a % of total billable r	18(1)a,(2)	149.8%	45.8%	76.8%	16.7%	29.9%	29.9%	28.5%	15.6%	0.0%
Capital payments % of capital expenditure	18(1)c;19	100.0%	100.1%	66.7%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl.	18(1)c	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Gov't. legislated/gazetted allocations	18(1)a							100.0%	109.8%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	N.A.	(67.2%)	176.6%	(72.3%)	45.2%	0.0%	(100.0%)	(55.5%)	(79.1%)
Long term receivables % change - incr(decr)	18(1)a	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	10.0%	15.4%	8.3%	5.2%	4.5%	4.5%	2.3%	2.4%	0.0%
Asset renewal % of capital budget	20(1)(vi)	0.0%	0.0%	0.0%	15.5%	22.3%	22.3%	0.0%	2.2%	2.6%

#### 2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a



risk of non-compliance with section 18 of the MFMA which deals with the funded budget at the end of the financial year. .

#### *2.6.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been falling significantly for the period 2007/08 to 2010/11, moving from 0.9 to (0.1) with the adopted 2010/11 MTREF. As part of the 2011/12 MTREF the municipalities decreasing cash position causes the ratio to move downwards to 1.0 and then reduces slightly to 0.9 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2012/13 MTREF the indicative outcome is a surplus of R534 million, R669 million and R738 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real

increase in revenue. From the table above it can be seen that the percentage growth totals 4 and 6 per cent for the respective financial year of the 2013/14 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 9 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the current projection is still at 70 per cent for 2012/13 financial year. Given that the assumed collection rate was based on a improved performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 28 and 25 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well far higher and not within the accepted leading practice.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

#### *2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. The Municipality currently does not intend to do borrowings in order to finance its capital assets, due to the current collection rate.

#### *2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could

indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

#### *2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures does not show a relatively stable trend in line with the Municipality's policy of settling debtors accounts within 30 days. Debtors are taking long to settle their debts with the municipality.

#### *2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

#### *2.6.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

## 2.7 Expenditure on grants and reconciliations of unspent funds

**Table 36 MBRR SA19 - Expenditure on transfers and grant programmes**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>EXPENDITURE:</b>									
<b>Operating expenditure of Transfers and Grants</b>									
<b>National Government:</b>	225 681	276 163	376 534	450 815	392 211	409 287	479 122	533 744	582 575
Local Government Equitable Share	205 214	275 375	339 796	398 490	356 962	356 962	436 024	466 948	501 555
Finance Management	500	143	1 607	1 250	1 250	1 250	1 500	1 500	1 500
Municipal Systems Improvement	–	645	840	790	790	790	800	870	950
Integrated National Electrification Programme	–	–	29 290	27 489	27 489	27 489	18 886	4 362	25 000
EPWP Incentive	–	–	5 000	5 560	5 560	5 560	9 700	15 000	20 000
Water Services Operating Subsidy	19 968	–	–	17 076	–	17 076	11 912	40 064	28 570
Water Services Operating Services Grant	–	–	–	160	160	160	300	5 000	5 000
<b>Provincial Government:</b>	–	–	–	–	–	–	10 000	–	–
Dwaal Refurbishment	–	–	–	–	–	–	10 000	–	–
<b>Total operating expenditure of Transfers and Grants</b>	225 681	276 163	376 534	450 815	392 211	409 287	489 122	533 744	582 575
<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	–	160 143	143 790	347 734	440 424	440 424	326 419	298 251	321 351
Municipal Infrastructure Grant (MIG)	–	159 988	143 110	235 834	328 524	328 524	235 834	286 751	302 523
Regional Bulk Infrastructure	–	–	–	105 900	105 900	105 900	78 585	–	–
Rural Households Infrastructure	–	–	–	4 000	4 000	4 000	9 000	5 500	8 000
Neighbourhood Development Partnership	–	155	680	2 000	2 000	2 000	3 000	1 000	2 000
Neighbourhood Development Partnership Capital Grant	–	–	–	–	–	–	–	5 000	8 828
<b>Provincial Government:</b>	–	6 060	–	–	–	–	–	–	–
2	–	6 060	–	–	–	–	–	–	–
<b>District Municipality:</b>	–	4 000	–	–	–	–	–	–	–
Dwaal Disaster Management Centre	–	4 000	–	–	–	–	–	–	–
<b>Other grant providers:</b>	–	–	10 055	–	–	–	–	–	–
Private Sector Grant	–	–	55	–	–	–	–	–	–
Hoxane WWTW (Mbombela Local Municipality)	–	–	10 000	–	–	–	–	–	–
<b>Total capital expenditure of Transfers and Grants</b>	–	170 203	153 845	347 734	440 424	440 424	326 419	298 251	321 351
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	225 681	446 366	530 378	798 549	832 635	849 710	815 541	831 995	903 926

**Table 37 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Operating transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year									
Current year receipts	237 581	339 301	378 000	435 615	394 987	394 987	482 922	537 959	588 217
Conditions met - transferred to revenue	237 581	339 301	378 000	435 615	394 987	394 987	482 922	537 959	588 217
Conditions still to be met - transferred to liabilities									
<b>Provincial Government:</b>									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Total operating transfers and grants revenue</b>	<b>237 581</b>	<b>339 301</b>	<b>378 000</b>	<b>435 615</b>	<b>394 987</b>	<b>394 987</b>	<b>482 922</b>	<b>537 959</b>	<b>588 217</b>
<b>Total operating transfers and grants - CTBM</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital transfers and grants:</b>									
<b>National Government:</b>									
Balance unspent at beginning of the year		35 477	34 304	34 304	34 304	34 304			
Current year receipts	-	160 143	143 790	347 734	440 424	440 424	326 419	298 251	321 351
Conditions met - transferred to revenue	-	34 304	34 304	382 038	474 728	474 728	326 419	298 251	321 351
Conditions still to be met - transferred to liabilities		161 315	143 789						
<b>Provincial Government:</b>									
Balance unspent at beginning of the year		3 229	1 990	1 990	1 990	1 990			
Current year receipts	3 229						17 000		
Conditions met - transferred to revenue	3 229	1 990	1 990	1 990	1 990	1 990	17 000	-	-
Conditions still to be met - transferred to liabilities		1 240	-						
<b>District Municipality:</b>									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Other grant providers:</b>									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
<b>Total capital transfers and grants revenue</b>	<b>3 229</b>	<b>36 294</b>	<b>36 294</b>	<b>384 028</b>	<b>476 718</b>	<b>476 718</b>	<b>343 419</b>	<b>298 251</b>	<b>321 351</b>
<b>Total capital transfers and grants - CTBM</b>	<b>-</b>	<b>162 555</b>	<b>143 789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>240 811</b>	<b>375 595</b>	<b>414 294</b>	<b>819 643</b>	<b>871 705</b>	<b>871 704</b>	<b>826 341</b>	<b>836 210</b>	<b>909 568</b>
<b>TOTAL TRANSFERS AND GRANTS -</b>	<b>-</b>	<b>162 555</b>	<b>143 789</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 2.8 Councillor and employee benefits

**Table 38 MBRR SA22 - Summary of councillor and staff benefits**

Summary of Employee and Councillor remuneration	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>									
Basic Salaries and Wages	10 378	10 462	12 268	19 234	15 234	15 234	11 000	21 158	23 273
Pension and UIF Contributions	2 016	1 588	1 745	4 094	4 094	4 094	3 271	5 597	5 980
Medical Aid Contributions	100	147	145	181	181	181	350	414	445
Motor Vehicle Allowance	3 243	3 493	3 552	4 193	4 193	4 193	3 712	4 816	5 000
Cellphone Allowance									
Housing Allowances									
Other benefits and allowances									
<b>Sub Total - Councillors</b>	<b>15 737</b>	<b>15 690</b>	<b>17 711</b>	<b>27 703</b>	<b>23 703</b>	<b>23 703</b>	<b>18 333</b>	<b>31 985</b>	<b>34 698</b>
% increase		(0.3%)	12.9%	56.4%	(14.4%)	–	(22.7%)	74.5%	8.5%
<b>Senior Managers of the Municipality</b>									
Basic Salaries and Wages	4 788	5 231	5 852	6 417	6 417	6 417	6 726	7 121	7 652
Pension and UIF Contributions							1 002	1 250	1 289
Medical Aid Contributions									
Overtime	–	–	–	–	–	–	–	–	–
Performance Bonus	94	163	193	200	200	200	210	221	232
Motor Vehicle Allowance									
Cellphone Allowance	257	347	350	500	500	500	525	551	579
Housing Allowances									
Other benefits and allowances							1 471	1 683	1 781
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Senior Managers of</b>	<b>5 139</b>	<b>5 741</b>	<b>6 395</b>	<b>7 117</b>	<b>7 117</b>	<b>7 117</b>	<b>9 934</b>	<b>10 825</b>	<b>11 533</b>
% increase		11.7%	11.4%	11.3%	–	–	39.6%	9.0%	6.5%
<b>Other Municipal Staff</b>									
Basic Salaries and Wages	70 750	107 046	122 811	136 230	132 730	132 730	126 897	149 791	164 950
Pension and UIF Contributions	14 183	19 515	22 884	25 625	25 625	25 625	26 187	31 006	34 215
Medical Aid Contributions	3 912	4 373	5 643	6 569	6 569	6 569	6 456	7 980	8 163
Overtime	1 419	857	1 565	1 619	1 619	1 619	400	890	1 959
Performance Bonus	–	–	1 050	3 300	–	–	–	4 750	4 987
Motor Vehicle Allowance	–	–	–	–	3 500	3 500	5 800	8 600	9 700
Cellphone Allowance									
Housing Allowances	170	238	668	209	209	209	219	230	253
Other benefits and allowances	–	–	799	907	1 107	1 107	1 459	1 593	1 773
Payments in lieu of leave									
Long service awards									
Post-retirement benefit obligations									
<b>Sub Total - Other Municipal Sta</b>	<b>90 434</b>	<b>132 029</b>	<b>155 418</b>	<b>174 459</b>	<b>171 359</b>	<b>171 359</b>	<b>167 418</b>	<b>204 840</b>	<b>226 001</b>
% increase		46.0%	17.7%	12.3%	(1.8%)	–	(2.3%)	22.4%	10.3%
<b>Total Parent Municipality</b>	<b>111 310</b>	<b>153 460</b>	<b>179 524</b>	<b>209 279</b>	<b>202 179</b>	<b>202 179</b>	<b>195 684</b>	<b>247 649</b>	<b>272 232</b>
		37.9%	17.0%	16.6%	(3.4%)	–	(3.2%)	26.6%	9.9%

**Table 39 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
<b>Councillors</b>						
Speaker	333 004	71 421	111 000			515 425
Chief Whip	312 191	69 419	104 064			485 674
Executive Mayor	416 255	86 529	138 744			641 528
Deputy Executive Mayor						–
Executive Committee	1 249 920	242 904	461 916			1 954 740
Total for all other councillors	7 492 320	1 264 608	2 496 960			11 253 888
<b>Total Councillors</b>	<b>9 803 690</b>	<b>1 734 881</b>	<b>3 312 684</b>			<b>14 851 255</b>
<b>Senior Managers of the Municipality</b>						
Municipal Manager (MM)	639 055	156 501	269 535			1 065 091
Chief Finance Officer (CFO)	455 934	132 811	171 145			759 890
Director Corporate Serices	420 862	125 095	178 861			724 818
Director Municipal Works	455 934	127 801	176 155			759 890
Director Internal Audit	420 862	125 095	179 629			725 586
Director Community Services	455 934	101 852	202 104			759 890
<i>List of each offical with packages &gt;= senior manager</i>						
Director Water Services	455 934	132 811	179 013			767 758
Deputy Director Transversal	318 013	99 567	114 412			531 992
						–
<b>Total Senior Managers of the Municipality</b>	<b>3 622 528</b>	<b>1 001 533</b>	<b>1 470 854</b>	<b>–</b>		<b>6 094 915</b>

**Table 40 MBRR SA24 – Summary of personnel numbers**

Summary of Personnel Numbers	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>									
Councillors (Political Office Bearers plus Other Councillors)	68	5	63	68	5	63	68	5	63
Board Members of municipal entities									
<b>Municipal employees</b>									
Municipal Manager and Senior Managers	9	–	9	9	–	8	9	–	8
Other Managers									
Professionals	–	–	4	–	–	4	–	–	4
<i>Finance</i>			1			1			1
<i>Spatial/town planning</i>			1			1			1
<i>Information Technology</i>	–	–			–	–	–	–	–
<i>Roads</i>									
<i>Electricity</i>									
<i>Water</i>			2			2			2
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>									
Technicians	698	566	5	509	665	88	514	671	–
<i>Finance</i>	96	64	1	91	91	88	96	96	
<i>Spatial/town planning</i>	10	7		10	10		10	10	
<i>Information Technology</i>	2	1	4	2	2		2	2	
<i>Roads</i>	5	5		5	5		5	5	
<i>Electricity</i>	3	3		3	2		3	3	
<i>Water</i>	387	379		395	362		395	362	
<i>Sanitation</i>	3	3		3	3		3	3	
<i>Refuse</i>	192	104			190			190	
<i>Other</i>	220	215			208			208	
Clerks (Clerical and administrative)	360	301			358			358	
Service and sales workers									
Skilled agricultural and fishery workers									
Craft and related trades									
Plant and Machine Operators									
Elementary Occupations									
<b>TOTAL PERSONNEL NUMBERS</b>	<b>1 355</b>	<b>1 087</b>	<b>81</b>	<b>586</b>	<b>1 236</b>	<b>163</b>	<b>591</b>	<b>1 242</b>	<b>75</b>
% increase				(56.8%)	13.7%	101.2%	0.9%	0.5%	(54.0%)
<b>Total municipal employees headcount</b>									
Finance personnel headcount	97	95	2	92	91	1	97	96	1
Human Resources personnel headcount	14	14		14	13	1	15	14	1

## 2.9 Monthly targets for revenue, expenditure and cash flow



Table 41 MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year	Budget Year +1	Budget Year +2
Revenue By Source																
Property rates		6 902	7 201	7 003	7 110	7 896	7 914	6 026	7 254	8 021	8 215	8 698	8 716	90 956	398 052	436 072
Service charges - water revenue		2 192	2 429	3 175	3 212	3 301	3 487	2 725	2 602	2 250	2 325	2 100	1 077	30 875	65 319	72 618
Service charges - sanitation revenue		168	182	193	183	271	239	78	159	154	178	191	141	2 137	2 699	2 738
Service charges - refuse revenue		201	263	236	301	236	302	215	213	215	219	213	140	2 754	3 414	3 502
Service charges - other		250	263	279	254	301	369	177	189	214	223	263	17	2 799	3 023	3 152
Rental of facilities and equipment		22	29	36	39	36	46	26	29	35	38	38	32	406	613	646
Interest earned - external investments		69	121	141	163	169	198	131	169	171	126	169	85	1 712	3 110	3 732
Interest earned - outstanding debtors		139	141	188	136	147	196	178	169	146	186	178	146	1 950	3 100	3 450
Dividends received													-	-	-	-
Fines		69	72	58	86	123	117	87	69	63	69	59	58	930	975	1 125
Licences and permits		395	417	401	421	414	524	514	503	569	504	523	465	5 650	13 225	13 793
Agency services		569	609	712	789	863	758	566	532	569	529	496	508	7 500	8 100	8 663
Transfers recognised - operational		59 000	12 000	42 000	69 000	15 000	82 000	50 000	17 000	46 510	15 000	36 000	14 000	457 510	478 680	534 005
Other revenue		325	469	561	698	771	968	982	845	689	965	1 025	631	8 929	22 874	24 444
Gains on disposal of PPE													69	69	85	92
Total Revenue (excluding capital transfers)		70 301	24 196	54 983	82 392	29 528	97 118	61 705	29 733	59 606	28 577	49 953	26 085	614 177	1 003 268	1 108 031
Expenditure By Type																
Employee related costs		14 100	14 236	14 201	14 123	14 210	20 007	14 211	14 223	14 222	14 221	14 267	14 099	176 120	215 185	237 051
Remuneration of councillors		1 305	1 360	1 367	1 469	1 489	2 212	1 410	1 506	1 509	1 516	1 601	1 574	18 318	31 969	34 681
Debt impairment				10 000			10 000			10 000			7 000	37 000	74 000	81 000
Depreciation & asset impairment			8 500				8 900			9 100			7 600	34 100	67 000	73 000
Finance charges		23	21	22	19	24	36	33	31	29	28	24	20	310	342	369
Bulk purchases		1 900	7 900	7 900	7 001	8 036	10 800	8 002	7 503	8 002	8 047	8 013	6 896	90 000	108 000	116 000
Other materials		6 925	7 236	8 105	12 478	6 789	16 025	5 985	6 987	19 005	11 025	13 025	7 025	120 610	202 918	221 279
Contracted services		669	685	650	578	596	968	654	789	815	863	1 711	1 232	10 210	3 455	3 498
Transfers and grants													-	-	-	-
Other expenditure		112	106	119	189	116	269	121	127	114	123	147	157	1 700	3 050	2 720
Loss on disposal of PPE													-	-	-	-
Total Expenditure		25 034	40 044	42 364	35 857	31 260	69 217	30 416	31 166	62 796	35 823	38 788	45 603	488 368	705 918	769 598
Surplus/(Deficit)		45 267	(15 848)	12 619	46 535	(1 732)	27 901	31 289	(1 433)	(3 190)	(7 246)	11 165	(19 518)	125 809	297 349	338 433
Transfers recognised - capital		85 000		16 000		117 000		69 000		111 000	11 017		-	409 017	372 561	400 385
Contributions recognised - capital													-	-	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		130 267	(15 848)	28 619	46 535	115 268	27 901	100 289	(1 433)	107 810	3 771	11 165	(19 518)	534 826	669 910	738 818
Taxation													-	-	-	-
Attributable to minorities		37 000	29 000	34 000	41 000	49 000	54 000	42 000	59 000	42 000	47 000	48 000	52 826	534 826	669 910	738 818
Share of surplus/(deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	167 267	13 152	62 619	87 535	164 268	81 901	142 289	57 567	149 810	50 771	59 165	33 308	1 069 653	1 339 820	1 477 636

**Table 42 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2012/13												Medium Term Revenue and		
R thousand	July	August	Sept.	October	Novembe r	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote															
Dept 001 - Finance	129 000	23 000	17 000	16 500	111 000	6 525	8 975	11 025	82 875	15 825	14 525	6 361	442 611	481 524	517 884
Dept 002 - Corporate services	6 658	7 112	7 025	7 012	7 687	7 036	7 012	6 025	7 112	6 625	7 012	5 996	82 312	385 489	422 205
Dept 004 - Internal Audit												—	—	—	—
Dept 005 - Economic Development	123	201	269	331	327	367	241	316	339	313	322	301	3 450	6 510	11 438
Dept 006 - Community Support Services												—	—	—	—
Dept 008 - Office of the Municipal Manager												—	—	—	—
Dept 009 - Office of the Speaker	4 500					4 512						—	9 012	10 195	13 030
Dept 010 - Office of the Mayor												—	—	—	—
Dept 013 - Community Support Se	1 169	1 121	1 163	1 021	1 089	1 167	1 089	1 225	1 198	1 163	1 221	1 454	14 080	22 300	23 581
Dept 014 - Municipal Works - Publ	2 890	2 663	3 103	3 146	4 025	3 619	3 968	3 875	3 692	3 612	3 452	3 463	41 508	64 879	62 320
Dept 015 - Municipal Works - Water	6 985	13 850	17 000	9 612	10 025	9 623	11 025	12 785	12 003	12 012	11 036	8 815	134 771	74 431	102 088
Dept 016 - Municipal Works - Roads												—	—	—	—
Dept 017 - Municipal Works - Refu	169	201	29	301	286	259	221	267	263	229	316	213	2 754	3 414	3 502
Dept 018 - Municipal Works - Sew	117	169	141	143	211	187	166	196	151	169	196	90	1 936	2 631	2 696
Dept PMU - Municipal Works	45 000			65 000		45 000	15 000		45 000	30 000	20 000	21 020	286 020	301 782	327 345
Total Revenue by Vote	196 611	48 317	45 730	103 066	134 650	78 295	47 697	35 714	152 633	69 948	58 080	47 713	1 018 454	1 353 154	1 486 089
Expenditure by Vote to be appropriated															
Dept 001 - Finance	3 652	3 426	3 206	4 807	5 170	5 627	2 103	3 647	4 123	4 469	3 925	1 105	45 260	90 149	94 896
Dept 002 - Corporate services	17 250	17 876	18 963	18 689	16 214	19 369	17 968	16 023	18 001	16 631	15 227	12 224	204 435	256 329	281 069
Dept 004 - Internal Audit	17		48		63		69		78		45	19	339	372	407
Dept 005 - Economic Development	267	369	417	578	581	963	645	578	474	575	469	384	6 300	16 901	19 252
Dept 006 - Community Support Se	689	875	1 023	1 247	1 478	1 897	2 001	2 423	1 985	1 789	1 875	1 547	18 829	33 651	38 636
Dept 008 - Office of the Municipal Manager		68	123	187	163	26		169	145	189	192	288	1 550	6 344	7 011
Dept 009 - Office of the Speaker		1 678	1 603	1 475	1 403	2 119	1 718	1 695	1 712	1 912	2 963	1 245	19 523	34 680	37 600
Dept 010 - Office of the Mayor		45	17	69	113	169	31	99	68	75	69	45	800	2 552	2 804
Dept 013 - Community Support Se	67	79	56	112	179	211	69	101	163	115	69	119	1 340	10 960	12 590
Dept 014 - Municipal Works - Publ	3 890	4 965	3 883	4 127	4 467	6 900	5 103	5 987	6 013	6 779	5 789	422	58 325	101 494	110 290
Dept 015 - Municipal Works - Water	8 723	9 659	9 023	10 852	9 693	14 415	9 001	9 871	13 023	11 011	11 421	7 191	123 883	157 508	171 309
Dept 016 - Municipal Works - Road	912	1 102	1 743	2 172	2 387	2 614	1 063	1 423	1 983	1 969	1 981	1 326	20 675	31 998	33 492
Dept 017 - Municipal Works - Refu	78	26	92	143	187	166	121	169	114	63	98	143	1 400	2 652	3 001
Dept 018 - Municipal Works - Sew	69	152	133	147	128	219	81	141	139	98	124	56	1 487	2 806	3 097
Dept PMU - Municipal Works	212	198	169	326	214	403	289	269	331	369	342	378	3 500	3 500	3 500
Total Expenditure by Vote	35 826	40 518	40 499	44 931	42 440	55 098	40 262	42 595	48 352	46 044	44 589	26 492	507 646	751 895	818 955
Surplus/(Deficit) before assoc.	160 785	7 799	5 231	58 135	92 210	23 197	7 435	(6 881)	104 281	23 904	13 491	21 221	510 808	601 259	667 135
Taxation												—	—	—	—
Attributable to minorities	37 875	41 002	36 980	41 639	40 214	51 021	40 327	41 020	40 178	41 025	39 542	84 003	534 826	669 910	738 818
Share of surplus/ (deficit) of associate												—	—	—	—
Surplus/(Deficit)	160 785	7 799	5 231	58 135	92 210	23 197	7 435	(6 881)	104 281	23 904	13 491	21 221	510 808	601 259	667 135

**Table 43 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Budget Year 2012/13												Medium Term Revenue and		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue - Standard</b>															
<i>Governance and administration</i>	151 158	30 112	23 025	23 512	116 687	18 073	15 987	17 050	82 112	22 450	21 537	12 117	533 820	877 076	952 978
Executive and council	4 500	—	—	—	—	4 512	—	—	—	—	—	—	9 012	10 195	13 030
Budget and treasury office	140 000	23 000	16 000	16 500	109 000	6 525	8 975	11 025	75 000	15 825	14 525	6 236	442 611	481 524	517 884
Corporate services	6 658	7 112	7 025	7 012	7 687	7 036	7 012	6 025	7 112	6 625	7 012	5 881	82 197	385 357	422 064
<i>Community and public safety</i>	1 178	1 136	1 174	1 044	1 107	1 209	1 102	1 248	1 217	1 188	1 238	1 470	14 311	22 553	23 854
Community and social services	9	10	11	16	18	19	13	16	19	16	17	16	180	199	214
Sport and recreation	—	5	—	7	—	23	—	7	—	9	—	—	51	54	59
Public safety	1 169	1 121	1 163	1 021	1 089	1 167	1 089	1 225	1 198	1 163	1 221	1 454	14 080	22 300	23 581
<i>Economic and environmental services</i>	1 407	1 604	1 603	1 886	2 201	2 799	2 006	2 395	2 008	1 996	1 497	1 848	23 250	16 225	25 080
Planning and development	218	291	300	317	289	363	287	201	269	299	286	330	3 450	6 510	11 438
Road transport	1 189	1 313	1 303	1 569	1 912	2 436	1 719	2 194	1 739	1 697	1 211	1 518	19 800	9 715	13 642
<i>Trading services</i>	56 271	14 220	17 170	81 056	10 522	55 069	31 302	19 970	57 417	42 410	31 548	30 118	447 073	437 301	484 178
Electricity	4 000	—	—	6 000	—	—	4 890	6 722	—	—	—	—	21 612	55 064	48 570
Water	51 985	13 850	17 000	74 612	10 025	54 623	26 025	12 785	57 003	42 012	31 036	29 815	420 771	376 192	429 410
Waste water management	117	169	141	143	211	187	166	196	151	169	196	90	1 936	2 631	2 696
Waste management	169	201	29	301	286	259	221	267	263	229	316	213	2 754	3 414	3 502
<i>Other</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Standard</b>	<b>210 014</b>	<b>47 072</b>	<b>42 972</b>	<b>107 498</b>	<b>130 517</b>	<b>77 150</b>	<b>50 397</b>	<b>40 663</b>	<b>142 754</b>	<b>68 044</b>	<b>55 820</b>	<b>45 553</b>	<b>1 018 454</b>	<b>1 353 154</b>	<b>1 486 089</b>
<b>Expenditure - Standard</b>															
<i>Governance and administration</i>	22 603	23 138	23 789	25 040	22 900	27 284	21 820	21 464	23 904	23 087	22 184	14 355	271 568	390 053	423 380
Executive and council	1 701	1 836	1 620	1 544	1 516	2 288	1 749	1 794	1 780	1 987	3 032	1 026	21 873	43 576	47 415
Budget and treasury office	3 652	3 426	3 206	4 807	5 170	5 627	2 103	3 647	4 123	4 469	3 925	1 105	45 260	90 149	94 896
Corporate services	17 250	17 876	18 963	18 689	16 214	19 369	17 968	16 023	18 001	16 631	15 227	12 224	204 435	256 329	281 069
<i>Community and public safety</i>	1 377	1 610	1 771	1 482	1 622	2 025	1 522	1 899	1 697	1 654	1 981	1 529	20 169	44 611	51 226
Community and social services	1 210	1 421	1 615	1 313	1 421	1 756	1 321	1 654	1 456	1 365	1 712	1 456	17 700	30 510	35 170
Sport and recreation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Public safety	167	189	156	169	201	269	201	245	241	289	269	73	2 469	14 101	16 056
Housing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>	3 225	3 675	4 824	6 685	5 760	7 943	4 571	5 591	6 316	7 192	7 327	6 305	69 414	127 115	138 091
Planning and development	363	412	712	501	669	712	397	699	589	471	396	379	6 300	16 901	19 252
Road transport	2 862	3 196	4 112	6 184	5 002	7 231	4 132	4 892	5 656	6 721	6 931	5 856	62 775	109 842	118 432
Environmental protection	—	67	—	—	89	—	42	—	71	—	—	70	339	372	407
<i>Trading services</i>	9 876	11 158	10 671	12 601	11 797	17 421	11 127	11 868	14 755	13 175	13 630	8 416	146 495	190 116	206 257
Electricity	1 006	1 321	1 423	1 459	1 789	2 621	1 924	1 687	1 479	2 003	1 987	1 026	19 725	27 150	28 850
Water	8 723	9 659	9 023	10 852	9 693	14 415	9 001	9 871	13 023	11 011	11 421	7 191	123 883	157 508	171 309
Waste water management	69	152	133	147	128	219	81	141	139	98	124	56	1 487	2 806	3 097
Waste management	78	26	92	143	187	166	121	169	114	63	98	143	1 400	2 652	3 001
<i>Other</i>	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Standard</b>	<b>37 081</b>	<b>39 581</b>	<b>41 055</b>	<b>45 808</b>	<b>42 079</b>	<b>54 673</b>	<b>39 040</b>	<b>40 822</b>	<b>46 672</b>	<b>45 108</b>	<b>45 122</b>	<b>30 605</b>	<b>507 646</b>	<b>751 895</b>	<b>818 955</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>172 933</b>	<b>7 491</b>	<b>1 917</b>	<b>61 690</b>	<b>88 438</b>	<b>22 477</b>	<b>11 357</b>	<b>(159)</b>	<b>96 082</b>	<b>22 936</b>	<b>10 698</b>	<b>14 948</b>	<b>510 808</b>	<b>601 259</b>	<b>667 135</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit)</b>	<b>172 933</b>	<b>7 491</b>	<b>1 917</b>	<b>61 690</b>	<b>88 438</b>	<b>22 477</b>	<b>11 357</b>	<b>(159)</b>	<b>96 082</b>	<b>22 936</b>	<b>10 698</b>	<b>14 948</b>	<b>510 808</b>	<b>601 259</b>	<b>667 135</b>

Table 44 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Budget Year 2012/13												Medium Term Revenue and		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Multi-year expenditure to be appropriated</b>															
Dept 001 - Finance												-	-	-	-
Dept 002 - Corporate services		306	332	319	311	419	317	269	332	364	339	192	3 500	29 295	49 330
Dept 004 - Internal Audit												-	-	-	-
Dept 005 - Economic Development, Planning	1 698	1 712	1 971	2 163	1 369	2 572	1 925	1 617	1 419	1 867	1 977	1 160	21 450	75 950	53 580
Dept 006 - Community Support Services			125	77	89		63	121	147	118	169	91	1 000	43 000	22 209
Dept 008 - Office of the Municipal Manager												-	-	-	-
Dept 009 - Office of the Speaker												-	-	-	-
Dept 010 - Office of the Mayor												-	-	-	-
Dept 013 - Community Support Services - Traffic				75	75							-	150	2 000	2 200
Dept 014 - Municipal Works - Public Works	750	712	863	641	702	1 012	995	701	816	819	812	877	9 700	-	-
Dept 015 - Municipal Works - Water	12 253	19 663	27 252	36 112	39 117	49 001	35 234	24 253	19 887	24 021	21 001	18 964	326 758	277 102	232 165
Dept 016 - Municipal Works - Roads	4 850	5 329	5 893	5 996	6 338	6 116	4 871	5 642	5 774	6 102	6 886	4 203	68 000	370 300	311 200
Dept 017 - Municipal Works - Refuse	139	213	269	313	412	547	214	236	289	242	311	115	3 300	23 000	1 000
Dept 018 - Municipal Works - Sewerage	4 653	4 129	4 136	4 142	4 542	6 885	3 420	4 752	5 163	6 336	7 124	6 218	61 500	71 500	56 564
Dept PMU - Municipal Works	864	842	871	1 695	1 314	2 668	1 364	1 057	1 401	1 198	1 154	1 022	15 450	45 402	34 855
<b>Capital multi-year expenditure sub-total</b>	<b>25 207</b>	<b>32 906</b>	<b>41 712</b>	<b>51 533</b>	<b>54 269</b>	<b>69 220</b>	<b>48 403</b>	<b>38 648</b>	<b>35 228</b>	<b>41 067</b>	<b>39 773</b>	<b>32 842</b>	<b>510 808</b>	<b>937 549</b>	<b>763 103</b>

**Table 45 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2012/13												Medium Term Revenue and		
R thousand	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital Expenditure - Standard</b>															
<i>Governance and administration</i>	231	236	317	397	349	486	291	215	269	213	263	233	3 500	29 295	49 330
Executive and council												-	-	-	-
Budget and treasury office												-	-	-	-
Corporate services	231	236	317	397	349	486	291	215	269	213	263	233	3 500	29 295	49 330
<i>Community and public safety</i>	16	255	189	245	111	485	378	266	256	406	265	278	3 150	54 852	32 011
Community and social services		69		117		219	61		107	119	146	162	1 000	43 000	22 209
Sport and recreation		147	189	86	111	213	317	266	149	287	119	116	2 000	9 852	7 602
Public safety	16	39		42		53						-	150	2 000	2 200
Housing												-	-	-	-
Health												-	-	-	-
<i>Economic and environmental services</i>	5 311	5 483	7 683	6 639	7 428	8 309	8 122	7 122	9 115	9 932	7 837	6 469	89 450	446 250	364 780
Planning and development	1 619	1 114	1 691	1 487	1 687	1 699	1 897	1 120	2 361	3 001	1 987	1 787	21 450	75 950	53 580
Roads & Bridges	3 692	4 369	5 992	5 152	5 741	6 610	6 225	6 002	6 754	6 931	5 850	4 682	68 000	370 300	311 200
Environmental protection												-	-	-	-
<i>Trading services</i>	16 915	26 442	36 754	35 681	34 187	48 507	25 809	30 691	38 592	36 394	32 208	39 078	401 258	371 602	289 729
Electricity		1 350	2 100		690	1 100	980		2 105	965		410	9 700	-	-
Water (Bulk, Reticulations, Water Mains)	12 850	19 631	29 611	31 211	28 561	39 877	19 652	26 001	31 007	29 451	26 541	32 365	326 758	277 102	232 165
Waste water management (Sanitation)	3 896	5 250	4 712	4 123	4 667	7 117	4 963	4 411	5 211	5 631	5 302	6 217	61 500	71 500	56 564
Waste management (Refuse)	169	211	331	347	269	413	214	279	269	347	365	86	3 300	23 000	1 000
<i>Other</i>	397	411	623	619	652	812	658	487	564	587	351	7 289	13 450	35 550	27 253
<b>Total Capital Expenditure - Standard</b>	<b>22 870</b>	<b>32 827</b>	<b>45 566</b>	<b>43 581</b>	<b>42 727</b>	<b>58 599</b>	<b>35 258</b>	<b>38 781</b>	<b>48 796</b>	<b>47 532</b>	<b>40 924</b>	<b>53 347</b>	<b>510 808</b>	<b>937 549</b>	<b>763 103</b>

Table 46 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Cash Receipts By Source</b>															
Property rates	6 902	7 201	7 003	7 110	7 896	7 914	6 026	7 254	8 021	8 215	8 698	8 716	90 956	398 052	436 072
Property rates - penalties & collection charges													-	-	-
Service charges - electricity revenue													-	-	-
Service charges - water revenue	2 192	2 429	3 175	3 212	3 301	3 487	2 725	2 602	2 250	2 325	2 100	1 077	30 875	65 319	72 618
Service charges - sanitation revenue	168	182	193	183	271	239	78	159	154	178	191	141	2 137	2 699	2 738
Service charges - refuse revenue	201	263	236	301	236	302	215	213	215	219	213	140	2 754	3 414	3 502
Service charges - other	250	263	279	254	301	369	177	189	214	223	163	117	2 799	3 023	3 152
Rental of facilities and equipment	22	29	36	39	36	46	26	29	35	38	38	32	406	613	646
Interest earned - external investments	69	121	141	163	169	198	131	169	171	126	169	85	1 712	3 110	3 732
Interest earned - outstanding debtors	139	141	188	136	147	196	178	169	146	186	178	146	1 950	3 100	3 450
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	69	72	58	86	123	117	87	69	63	69	59	58	930	975	1 125
Licences and permits	695	715	769	829	1 029	1 652	996	856	1 023	1 561	1 523	1 577	13 225	13 793	-
Agency services	569	609	712	789	863	758	566	532	569	529	496	508	7 500	8 100	8 663
Transfer receipts - operational	59 000	12 000	42 000	69 000	15 000	82 000	50 000	17 000	46 510	15 000	36 000	14 000	457 510	478 680	534 005
Other revenue	325	469	561	698	771	968	982	845	689	965	1 025	631	8 929	22 874	24 444
<b>Cash Receipts by Source</b>	<b>70 601</b>	<b>24 494</b>	<b>55 351</b>	<b>82 800</b>	<b>30 143</b>	<b>98 246</b>	<b>62 187</b>	<b>30 086</b>	<b>60 060</b>	<b>29 634</b>	<b>50 853</b>	<b>27 228</b>	<b>621 683</b>	<b>1 003 751</b>	<b>1 094 146</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	85 000	-	16 000	-	117 000	-	69 000	-	111 000	11 017	-	-	409 017	298 251	321 351
Contributions recognised - capital & Contributed assets													-	-	-
Proceeds on disposal of PPE					113								113	(69)	54
Short term loans													-	-	-
Borrowing long term/refinancing													-	-	-
Increase (decrease) in consumer deposits	(325)	(263)	(339)	(401)	(436)	(501)	(487)	(457)	(489)	(523)	(422)	(455)	(5 098)	(5 353)	(5 621)
Decrease (increase) in non-current debt	(1 875)	(2 073)	(2 695)	(2 983)	(2 236)	(2 987)	(3 123)	(3 695)	(3 548)	(3 662)	(4 007)	(3 366)	(36 250)	(38 063)	(39 966)
Decrease (increase) other non-current investments	(68)	(59)	(72)	(81)	(69)	(98)	(96)	(102)	(117)	(101)	(87)	(72)	(1 022)	(1 073)	(1 126)
<b>Total Cash Receipts by Source</b>	<b>153 333</b>	<b>22 099</b>	<b>68 245</b>	<b>79 335</b>	<b>144 515</b>	<b>94 660</b>	<b>127 481</b>	<b>25 832</b>	<b>166 906</b>	<b>36 365</b>	<b>46 337</b>	<b>23 335</b>	<b>988 443</b>	<b>1 257 445</b>	<b>1 368 839</b>
<b>Cash Payments by Type</b>															
Employee related costs	14 100	14 236	14 201	14 123	14 210	20 007	14 211	14 223	14 222	14 221	14 267	14 099	176 120	215 185	237 051
Remuneration of councillors	1 305	1 360	1 367	1 469	1 489	2 212	1 410	1 506	1 509	1 516	1 601	1 574	18 318	31 969	34 681
Finance charges	29	21	31	27	26	31	26	25	23	22	26	23	310	342	369
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	7 012	7 069	7 213	7 001	7 102	10 800	7 236	7 209	7 312	7 316	7 214	7 516	90 000	108 000	116 000
Other materials	7 800	8 023	8 563	9 669	10 120	11 254	8 765	11 025	10 369	11 024	12 127	11 871	120 610	202 918	221 279
Contracted services	875	853	812	866	869	814	814	836	912	914	909	736	10 210	3 455	3 498
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	112	106	119	189	116	269	121	127	114	123	147	157	1 700	3 050	2 720
<b>Cash Payments by Type</b>	<b>31 233</b>	<b>31 668</b>	<b>32 306</b>	<b>33 344</b>	<b>33 932</b>	<b>45 387</b>	<b>32 583</b>	<b>34 951</b>	<b>34 461</b>	<b>35 136</b>	<b>36 291</b>	<b>35 976</b>	<b>417 268</b>	<b>564 918</b>	<b>615 598</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	22 870	32 827	45 566	43 581	42 727	58 599	35 258	38 781	48 796	47 532	40 924	53 347	510 808	937 549	763 103
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>54 103</b>	<b>64 495</b>	<b>77 872</b>	<b>76 925</b>	<b>76 659</b>	<b>103 986</b>	<b>67 841</b>	<b>73 732</b>	<b>83 257</b>	<b>82 668</b>	<b>77 215</b>	<b>89 322</b>	<b>928 076</b>	<b>1 502 468</b>	<b>1 378 701</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>99 230</b>	<b>(42 396)</b>	<b>(9 627)</b>	<b>2 410</b>	<b>67 856</b>	<b>(9 326)</b>	<b>59 640</b>	<b>(47 900)</b>	<b>83 649</b>	<b>(46 303)</b>	<b>(30 878)</b>	<b>(65 987)</b>	<b>60 368</b>	<b>(245 023)</b>	<b>(9 863)</b>
Cash/cash equivalents at the month/year begin:	99 230	99 230	56 834	47 207	49 617	117 473	108 147	167 787	119 887	203 536	157 233	126 355	60 368	120 735	(124 288)
Cash/cash equivalents at the month/year end:	99 230	56 834	47 207	49 617	117 473	108 147	167 787	119 887	203 536	157 233	126 355	60 368	120 735	(124 288)	(134 150)

## 2.10 Annual budgets and SDBIPs – internal departments

### 2.10.1 Water Services Department – Vote 14

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network, maintenance of boreholes, installation of water meters and implementation of the departmental capital programme.

**Table 47 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R million	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Revenue By Source</b>									
Service charges - water revenue	13 394	16 461	15 722	45 495	35 485	35 485	30 875	65 319	72 618
Interest earned - outstanding debtors									
Service charges - other	2 348	2 489	2 848	2 592	2 592	2 592	2 799	3 023	3 152
Transfers recognised - operational	31 868	63 138	29 290	27 649	27 649	27 649	19 186	9 362	30 000
<b>Total Revenue (excluding capital transfers and contributions)</b>									
<b>Expenditure By Type</b>									
Employee related costs									
Remuneration of councillors									
Debt impairment									
Depreciation & asset impairment									
Finance charges									
Bulk purchases	71 689	78 930	93 140	91 000	91 000	91 000	90 000	108 000	116 000
Other materials									
Contracted services									
Transfers and grants									
Other expenditure									
Loss on disposal of PPE									
<b>Total Expenditure</b>									
<b>Surplus/(Deficit)</b>									
Transfers recognised - capital									
Contributions recognised - capital	9 096	–	–	105 900	105 900	105 900	78 585		
Contributed assets									
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>									

**NOTE: All other expenditure, have been centralised under responsible directorates.**

Water Services also consists of staff that were seconded to the municipality by Department of Water Affairs (DWA). There are currently no unfilled positions in the top management structure of the Water Services Department. The top management structure will consist of the Managers followed by lower posts. As part of the performance objectives for the 2012/13 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

**Significant capital projects to be undertaken over the medium term includes, amongst others:**

- |   |                   |
|---|-------------------|
| • Installation of bulk water meters for all regions | – R 6 million;    |
| • Waste water treatment works                       | – R 61.5 million; |
| • Bulk supply and backlog eradication of water      | – R185.2 million; |
| • Refurbishment of pipe bulk line                   | – R 78 million;   |
| • Water reticulation and meter connections          | – R 63.5 million  |

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R19 million, R30 million and R36 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water of which budget appropriation for the 2012/13 financial year is R34 million and increases to R76 million by 2014/15 and will be informed by a collection rate of 70 per cent and distribution losses of 20 per cent.

The reduction of distribution losses is considered a priority and hence the departmental objectives and targets provide for a 1 per cent efficiency gain per annum.

## **2.11 Contracts having future budgetary implications**

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.12 Capital expenditure details**

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.



**Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>157 084</b>	<b>248 735</b>	<b>350 936</b>	<b>525 958</b>	<b>325 458</b>	<b>325 458</b>	<b>388 927</b>	<b>554 562</b>	<b>774 222</b>
Infrastructure - Road transport	20 248	53 919	86 817	133 500	51 500	51 500	68 000	68 000	370 300
<i>Roads, Pavements &amp; Bridges</i>	20 248	53 919	86 817	133 500	51 500	51 500	68 000	370 300	311 200
<i>Storm water</i>									
Infrastructure - Electricity	–	–	3 500	8 158	11 658	11 658	4 750	6 000	7 000
<i>Generation</i>									
<i>Transmission &amp; Reticulation</i>	–	–	–	4 658	5 658	5 658	2 750	–	–
<i>Street Lighting</i>	–	–	3 500	3 500	6 000	6 000	2 000	6 000	7 000
Infrastructure - Water	135 216	185 948	172 119	280 800	164 450	164 450	251 377	391 562	345 508
<i>Dams &amp; Reservoirs</i>	3 298	8 188	2 542	12 000	6 250	6 250	3 000	19 630	8 144
<i>Bulk Water &amp; Pump Stations</i>	122 713	165 967	141 489	199 500	145 750	145 750	232 877	239 938	212 165
<i>Reticulation</i>	9 205	11 793	28 089	69 300	12 450	12 450	15 500	131 994	125 200
<i>Water Treatment Works</i>	–	–	–	–	–	–	1 500	2 500	1 900
Infrastructure - Sanitation	1 586	8 868	85 000	98 000	92 750	92 750	61 500	66 000	50 414
<i>Reticulation</i>	–	–	–	9 000	6 250	6 250	–	10 500	6 151
<i>VIP Toilets</i>	–	–	30 000	42 000	42 000	42 000	38 000	27 500	31 263
<i>Sewerage purification</i>	1 586	8 868	55 000	47 000	44 500	44 500	23 500	28 000	13 000
Infrastructure - Other	35	–	3 500	5 500	5 100	5 100	3 300	23 000	1 000
<i>Waste Management</i>	35	–	3 500	5 500	5 100	5 100	2 300	23 000	1 000
<i>Transportation</i>	–	–	–	–	–	–	1 000	–	–
<b>Community</b>	<b>7 740</b>	<b>12 327</b>	<b>36 789</b>	<b>58 000</b>	<b>31 250</b>	<b>31 250</b>	<b>24 950</b>	<b>111 452</b>	<b>85 444</b>
Parks & gardens	–	–	–	–	–	–	–	4 000	2 000
Sportsfields & stadia	–	–	7 000	9 000	2 150	2 150	2 000	9 852	7 602
Community halls	–	–	–	–	–	–	–	4 000	1 500
Libraries	–	–	6 000	–	–	–	–	7 500	10 109
Formalizations of areas / Land T	7 491	12 327	23 289	48 000	29 100	29 100	21 450	75 950	53 580
Cemeteries	–	–	–	1 000	–	–	1 000	8 000	8 000
Other	249	–	500	–	–	–	500	2 150	2 653
<b>Other assets</b>	<b>5 087</b>	<b>2 524</b>	<b>14 706</b>	<b>26 400</b>	<b>8 050</b>	<b>8 050</b>	<b>10 950</b>	<b>41 065</b>	<b>57 160</b>
General vehicles	3 503	390	184	1 500	600	600	1 000	7 600	8 300
Specialised vehicles	–	–	–	–	–	–	4 000	–	–
Plant & equipment	13	–	6	200	200	200	–	570	630
Computers - hardware/equipmen	1 169	1 122	1 729	700	700	700	500	895	1 030
Furniture and other office equipm	401	1 013	1 626	2 000	2 500	2 500	500	2 000	5 900
Other Buildings	–	–	11 160	22 000	4 050	4 050	4 950	30 000	41 300
<b>Intangibles</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computers - software & programming	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure on ne</b>	<b>169 911</b>	<b>263 587</b>	<b>402 432</b>	<b>610 358</b>	<b>364 758</b>	<b>364 758</b>	<b>424 827</b>	<b>707 079</b>	<b>916 826</b>
<b>Specialised vehicles</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4 000</b>	<b>–</b>	<b>–</b>
Refuse	–	–	–	–	–	–	1 000	–	–
Fire	–	–	–	–	–	–	3 000	–	–
Ambulances	–	–	–	–	–	–	–	–	–

**Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	-	-	-	105 900	105 900	105 900	78 858	21 000	20 000
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>									
<i>Storm water</i>									
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
<i>Generation</i>									
<i>Transmission &amp; Reticulation</i>									
<i>Street Lighting</i>									
Infrastructure - Water	-	-	-	105 900	105 900	105 900	78 858	21 000	20 000
<i>Dams &amp; Reservoirs</i>									
<i>Bulk Water &amp; Pump Stations</i>	-	-	-	105 900	105 900	105 900	78 858	21 000	20 000
<i>Water purification</i>									
<i>Reticulation</i>									
Other (list sub-class)									
<b>Total Capital Expenditure on renewal of existing assets</b>	-	-	-	105 900	105 900	105 900	78 858	21 000	20 000
<b>Specialised vehicles</b>	-	-	-	-	-	-	-	-	-
<b>Renewal of Existing Assets as %</b>	0.0%	0.0%	0.0%	14.8%	22.5%	22.5%	17.7%	2.9%	2.2%
<b>Renewal of Existing Assets as %</b>	0.0%	0.0%	0.0%	207.6%	207.6%	207.6%	231.3%	31.3%	27.4%

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>									
<b>Infrastructure</b>	<b>11 692</b>	<b>11 299</b>	<b>13 965</b>	<b>43 500</b>	<b>35 100</b>	<b>35 100</b>	<b>19 364</b>	<b>41 275</b>	<b>45 118</b>
Infrastructure - Road transport	5 712	8 017	8 146	16 000	20 500	20 500	13 175	22 002	23 162
Roads, Pavements & Bridges	5 712	7 964	7 692	15 000	20 000	20 000	12 500	21 250	22 263
Road Markings & Traffic	–	53	454	1 000	500	500	675	752	899
Infrastructure - Electricity	–	–	582	2 000	1 200	1 200	900	1 475	1 980
Traffic Lights	–	–	582	2 000	1 200	1 200	900	1 475	1 980
Infrastructure - Water	4 376	2 379	3 396	25 500	12 200	12 200	2 500	13 248	15 075
Dams & Reservoirs	–	–	–	1 500	700	700	–	725	811
Water Bulk	–	–	–	1 500	700	700	–	725	811
Reticulation	4 376	2 379	3 396	24 000	11 500	11 500	2 500	12 523	14 264
Infrastructure - Sanitation	1 605	903	1 840	–	1 200	1 200	2 789	4 550	4 901
Reticulation	1 605	903	1 840	–	1 200	1 200	1 289	1 350	1 401
Sewerage purification	–	–	–	–	–	–	1 500	3 200	3 500
Sewerage Plant	–	–	–	–	–	–	–	–	–
Infrastructure - Other	–	–	–	–	–	–	–	–	–
Waste Management	–	–	–	–	–	–	–	–	–
Transportation	–	–	–	–	–	–	–	–	–
Gas	–	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–	–
<b>Community</b>	<b>–</b>	<b>–</b>	<b>6</b>	<b>5 500</b>	<b>1 300</b>	<b>1 300</b>	<b>1 600</b>	<b>8 200</b>	<b>9 570</b>
Parks & gardens	–	–	–	–	–	–	–	–	–
Sportsfields & stadia	–	–	6	1 000	500	500	–	1 250	1 400
Swimming pools	–	–	–	–	–	–	–	–	–
Community halls	–	–	–	–	–	–	1 100	1 350	1 470
Libraries	–	–	–	–	–	–	–	–	–
Recreational facilities	–	–	–	3 000	500	500	500	4 000	5 000
Cemeteries	–	–	–	–	–	–	–	–	–
Street Naming and Signage	–	–	–	1 500	300	300	–	1 600	1 700
<b>Municipal assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2 000</b>	<b>3 100</b>	<b>3 340</b>
Buildings	–	–	–	–	–	–	2 000	3 100	3 340
<b>Other assets</b>	<b>39 628</b>	<b>39 338</b>	<b>74 327</b>	<b>23 057</b>	<b>29 707</b>	<b>29 707</b>	<b>26 627</b>	<b>27 673</b>	<b>31 806</b>
General vehicles	683	510	556	1 757	1 257	1 257	1 127	1 654	1 736
Specialised vehicles	–	–	–	–	–	–	–	–	–
Plant & equipment	–	–	–	–	–	–	–	–	–
Computers - hardware/equipment	–	–	–	–	–	–	–	–	–
Furniture and other office equipment	350	312	1 182	1 000	800	800	600	1 700	2 000
Civic Land and Buildings	–	–	–	–	–	–	1 100	1 350	1 470
Other Buildings	–	–	–	–	–	–	–	–	–
Other Land	–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)	–	–	–	–	–	–	–	–	–
Maintenance Trucks & Heavy Machinery	2 424	2 755	3 614	4 000	4 000	4 000	3 000	4 500	4 850
Infrastructure Boreholes	2 645	2 594	36 720	15 000	22 000	22 000	10 000	17 000	20 000
Stores and Materials	207	877	440	1 000	1 500	1 500	500	1 200	1 400
Maintenance of Fire Extinguishers	136	–	141	300	150	150	300	269	350
DWA Refurbishment	16 455	16 526	16 263	–	–	–	10 000	–	–
DWA Maintenance & Repairs	16 729	15 765	15 412	–	–	–	0	–	–
Other	–	–	–	–	–	–	–	–	–
<b>Agricultural assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
List sub-class	–	–	–	–	–	–	–	–	–
<b>Biological assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
List sub-class	–	–	–	–	–	–	–	–	–
<b>Intangibles</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computers - software & programming	–	–	–	–	–	–	–	–	–
Other (list sub-class)	–	–	–	–	–	–	–	–	–
<b>Total Repairs and Maintenance Expenditure</b>	<b>51 320</b>	<b>50 638</b>	<b>88 298</b>	<b>72 057</b>	<b>66 107</b>	<b>66 107</b>	<b>49 591</b>	<b>80 248</b>	<b>89 834</b>

**Table 51 MBRR SA35 - Future financial implications of the capital budget**

Vote Description R thousand	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
<b>Capital expenditure</b>							
Dept 001 - Finance	–	–	–				
Dept 002 - Corporate services	3 500	29 295	49 330	78 525	83 125	86 541	
Dept 004 - Internal Audit	–	–	–				
Dept 005 - Economic Development, Planning and the Environment	21 450	75 950	53 580	76 545	79 569	81 245	
Dept 006 - Community Support Services	1 000	43 000	22 209	48 502	59 874	63 254	
Dept 008 - Office of the Municipal Manager	–	–	–				
Dept 009 - Office of the Speaker	–	–	–	2 514	2 954		
Dept 010 - Office of the Mayor	–	–	–	852			
Dept 013 - Community Support Services - Traffic	150	2 000	2 200	6 587	7 584	9 659	
Dept 014 - Municipal Works - Public Works	9 700	–	–	29 852	31 254	32 750	
Dept 015 - Municipal Works - Water	326 758	277 102	232 165	458 745	541 254	621 458	
Dept 016 - Municipal Works - Roads	68 000	370 300	311 200	189 754	245 445	311 254	
Dept 017 - Municipal Works - Refuse	3 300	23 000	1 000				
Dept 018 - Municipal Works - Sewerage	61 500	71 500	56 564	45 413	51 000	62 145	
Dept PMU - Municipal Works	15 450	45 402	34 855	12 500	17 450	21 450	
<i>List entity summary if applicable</i>							
<b>Total Capital Expenditure</b>	<b>510 808</b>	<b>937 549</b>	<b>763 103</b>	<b>949 790</b>	<b>1 119 510</b>	<b>1 289 756</b>	<b>–</b>
<b>Future operational costs by vote</b>							
Dept 001 - Finance							
Dept 002 - Corporate services	690	725	1 103	1 216	916	1 066	1 692
Dept 004 - Internal Audit							
Dept 005 - Economic Development, Planning and the Environment	3 698	2 869	3 001	2 698	2 786	2 888	3 006
Dept 006 - Community Support Services	26	1 128	1 029	1 654	1 744	1 896	2 018
Dept 008 - Office of the Municipal Manager							
Dept 009 - Office of the Speaker							
Dept 010 - Office of the Mayor							
Dept 013 - Community Support Services - Traffic							
Dept 014 - Municipal Works - Public Works	3 698	1 125	1 048	2 105	2 698	2 996	
Dept 015 - Municipal Works - Water	8 965	10 025	9 968	11 025	16 025	17 896	
Dept 016 - Municipal Works - Roads	6 985	8 965	9 963	10 012	11 475	12 025	
Dept 017 - Municipal Works - Refuse	69	98	102	66	74	86	
Dept 018 - Municipal Works - Sewerage	369	412	508	639	699	702	
Dept PMU - Municipal Works	1 235	1 635	2 963	639	1 424	2 695	
<i>List entity summary if applicable</i>				–			
<b>Total future operational costs</b>	<b>25 735</b>	<b>26 982</b>	<b>29 685</b>	<b>30 054</b>	<b>37 841</b>	<b>42 250</b>	<b>6 716</b>
<b>Future revenue by source</b>							
Property rates	90 956	398 052	436 072	470 957	508 634	549 325	
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue	30 875	65 319	72 618	78 427	84 702	91 478	
Service charges - sanitation revenue	2 137	2 699	2 738	2 957	3 194	3 449	
Service charges - refuse revenue	2 754	3 414	3 502	3 852	4 237	4 661	
Service charges - other	3 023						
Rental of facilities and equipment	406	613	646	710	781	859	
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
<b>Total future revenue</b>	<b>130 151</b>	<b>470 096</b>	<b>515 575</b>	<b>556 904</b>	<b>601 548</b>	<b>649 772</b>	<b>–</b>
<b>Net Financial Implications</b>	<b>406 392</b>	<b>494 435</b>	<b>277 213</b>	<b>422 940</b>	<b>555 803</b>	<b>682 234</b>	<b>6 716</b>

**Table 52 MBRR SA36 - Detailed capital budget per municipal vote****Municipal Institution Projects / Services**

R thousand	4	Program/Project description	Project number	code 2	6	3	3	5	Estimate	Audited Outcome 2010/11	Current Year 2011/12 Full Year	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality:														
List all capital projects grouped by Municipal Vote														
Corporate services		Purchase of Vehicles	BLMM011		Yes	Other Assets	General Vehicles			184	600	1 000	6 500	7 000
Corporate services		HoneySucker Truck	BLMM013		Yes	Other Assets	pecialised Vehicles- Refuse			1 140	1 500	1 500	2 900	3 500
Corporate services		Vehicles 4 LDV Sedan 2			Yes	Other Assets	General Vehicles			-	-	-	1 100	1 300
Corporate services		Extension of BLM Offices	BLMM004 -		Yes	Other Assets	Buildings			-	-		10 000	26 000
Corporate services		Construction of Offices Maviljan and Hlu	BLMM007 -		Yes	Other Assets	Buildings			-	500	-	2 200	2 500
Corporate services		Concrtuction of ablution blocks	BLMM009		Yes	Other Assets				-	-	-	1 900	2 100
Corporate services		Office Furniture	BLMM010		Yes	Other Assets	iture and other office equipment			1 626	2 500	500	2 000	5 900
Corporate services		Paving and Palisade fencing Dwarsloop	BLMM019		Yes	Community					-	-	800	-
Corporate services		Purchase of office computers	BLMM012		Yes	Other Assets	iture and other office equipment			1 723	500	500	325	400
Corporate services		Purchasing of office equipment	BLMM001 -		Yes	Other Assets	iture and other office equipment			6	200	-	570	630
Corporate services		Construction of Municipal Court	BLMS008		Yes	Community	Other Buildings					-	1 000	
sub total Corporate Services		<b>Sub Total Corporate Services</b>								4 679	5 800	3 500	29 295	49 330

## LED Projects

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individuality Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes	2012/13 Medium Term Revenue & Expenditure Framework				
R thousand	4				6	3	3		Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	New or renewal
Economic Development, Planning and th		( Public precinct, bridges, lighting	BLMLU001 NDP		Yes	Community	Street Lighting							
Economic Development, Planning and th		Formalization/Land Tenure upgrading Kazitha	BLMLU003		Yes	Community	Other			5 000	3 000	5 000	5 000	new
Economic Development, Planning and th		Formalization/Land tenure upgrading Tintswalo th	BLMLU004		Yes	Community	Other		376	500	500	1 000	1 080	new
Economic Development, Planning and th		Formalization/Land tenure upgrading Phelandaba	BLMLU005		Yes	Community	Other			250	–	500	–	new
Economic Development, Planning and th		Formalization/Land tenure upgrading Agincourt	BLMLU006		Yes	Community	Other		115	500	–	1 000	500	new
Economic Development, Planning and th		Formalization/Land tenure upgrading Casteel	BLMLU007		Yes	Community	Other		494	250	150	500	500	new
Economic Development, Planning and th		Formalization/Land tenure upgrading Arthursstone	BLMLU008		Yes	Community	Other			–		–	500	new
Economic Development, Planning and th		Formalization/Land tenure upgrading Dwarsloep	BLMLU009		Yes	Community	Other					–	500	new
Economic Development, Planning and th		Formalization/Land tenure upgrading Hluukani	BLMLU011		Yes	Community	Other			–		1 000	–	new
Economic Development, Planning and th		Formalization/Land tenure upgrade Welverdiend	BLMLU013		Yes	Community	Other			–	–	500	500	new
Economic Development, Planning and th		Formalization/Land tenure upgrade Lillydale	BLMLU014		Yes	Community	Other		500	500	150	500	500	new
Economic Development, Planning and th		Formalization/Land tenure upgrading Marete	BLMLU016		Yes	Community	Other		500	–		500	500	new
Economic Development, Planning and th		Servicing of Sites Malubane	BLMLU030		Yes	Community	Other		273	500	–	500	500	new
Economic Development, Planning and th		Formalization of college view	BLMLU018		Yes	Community	Other			–	7 000	20 000	30 000	new
Economic Development, Planning and th		URP Formalization of CBD project	BLMLU019		Yes	Community	Other		791	1 000	350	500	500	new
Economic Development, Planning and th		URP Landscaping and craft markets	BLMLU020		Yes	Community	Other		470	800	500	500	500	new
Economic Development, Planning and th		URP Street and stormwater	BLMLU025		Yes	Community	Storm Water		15	1 300	–	1 500	–	new
Economic Development, Planning and th		Formalization/ land tenure upgrading Malubane	BLMLU026		Yes	Community	Other		14 195			–	–	new
Economic Development, Planning and th		Formalization of Mandela Village	BLMLU029		Yes	Community	Other			3 500	1 000	1 000	1 000	new
Economic Development, Planning and th		Disabled center	BLMC034		Yes	Community	Other Buildings		1 000	1 000	300	500	–	new
Economic Development, Planning and th		Urban Renewal Project:Maviljan Water Reticulat	BLMLU023		Yes	Community	Other		4 560			–	–	new
Economic Development, Planning and th		URP Street and Storm Water Drainage	BLMLU024		Yes	Community	Storm Water			4 000		2 000	6 000	new
Economic Development, Planning and th		Land Tenure Upgrading Matsikitsane / Sefoma			Yes	Community	Other			10 000	8 000	16 450	–	new
Economic Development, Planning and th		Land Tenure Upgrading Acornhoek CBD			Yes	Community	Other			–	–	500	–	new
Economic Development, Planning and th		Land Tenure Upgrading Plaza View			Yes	Community	Other			–	–	500	–	new
Economic Development, Planning and th		Land Tenure Upgrading Mkhuhlu CBD			Yes	Community	Other			–	–	500	–	new
Economic Development, Planning and th		Land Tenure Upgrading Matengeng / Health centre / Shangani hill			Yes	Community	Other			–	–	500	–	new
Economic Development, Planning and th		Land Tenure Upgrading Acornhoek			Yes	Community	Other			–	–	500	–	new
Economic Development, Planning and th		Land Tenure Upgrading Maviljan CBD			Yes	Community	Other			–	–	500	–	new
Economic Development, Planning and th		Land Tenure Upgrading Maviljan			Yes	Community	Other			–	–	500	–	new
Economic Development, Planning and th		Land Tenure Upgrading Ka-Zitha			Yes	Community	Other			–	–	500	–	new
Economic Development, Planning and th		Township Establishment: Acornhoek			Yes	Community	Other			–	–	1 000	–	new
Economic Development, Planning and th		Township Establishment: Maviljan			Yes	Community	Other			–	–	1 500	–	new
Economic Development, Planning and th		Township Establishment: Hluukani			Yes	Community	Other			–	–	1 500	–	new
Economic Development, Planning and th		Mix -Income Residential Development: Thulamahashe			Yes	Community	Other			–	–	1 500	–	new
Economic Development, Planning and th		Mix -Income Residential Development: Thulamahashe			Yes	Community	Other			–	–	1 000	–	new
Economic Development, Planning and th		Mix -Income Residential Development: Thulamahashe			Yes	Community	Other			–	–	–	–	new
Economic Development, Planning and th		Irrigation Schemes: Dingleydale & Newforest			Yes	Community	Other			–	–	–	–	new
Economic Development, Planning and th		Irrigation Schemes: Saringwe			Yes	Community	Other			–	–	2 500	2 500	new
Economic Development, Planning and th		Fencing of Mangwazi Nature Reserve			Yes	Community	Other			–	–	1 500	1 500	new
Economic Development, Planning and th		Environmental Policy & Implementation Plan			Yes	Community	Other			–	–	–	–	new
Economic Development, Planning and th		Construction of Market stalls in Maviljan	BLML017		Yes	Community	Other			–	–	1 500	1 500	new
Economic Development, Planning and th		Environment Management Framework	BLML047		Yes	Community	Other			–	–	–	500	new
Economic Development, Planning and th		Wetland assessment & Rehabilitation			Yes	Community	Other			–	–	2 500	–	new
Economic Development, Planning and th		Sorting at Source Pilot Project	BLMWD051		Yes	Community	Other			–	–	1 500	–	new
										–	500	2 000	–	new
Sub Total for Economic Development, Planning									23 289	29 100	21 450	75 950	53 580	new

**Municipal Works – Electrification Projects**

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2012/13 Revenue	
R thousand	4				6	3	3		Audited Outcome 2010/11	Current Year 2011/12 Full Year	Budget Year 2012/13	B Y 2012/13
Municipal Works - Public Works		PHP houses Somerset	BLMWD005		Yes	Community			-			
Municipal Works - Public Works		BLMWD005 Electrification of households in Sefom			Yes	Community	Transmission & Reticulation		5 658		2 750	
Municipal Works - Public Works		Electrification of Households in College View (30)			Yes	Community	Transmission & Reticulation				330	
Municipal Works - Public Works		Electrification of Households in Sgodiphola (38)			Yes	Community	Transmission & Reticulation				418	
Municipal Works - Public Works		Electrification of Households in Corck (13)			Yes	Community	Transmission & Reticulation				143	
Municipal Works - Public Works		Electrification of Households in Chavela/Gaza View (120) tintswalo extension			Yes	Community	Transmission & Reticulation				1 320	
Municipal Works - Public Works		Electrification of Households in Waterv alwerst / Nkanani (40)			Yes	Community	Transmission & Reticulation				440	
Municipal Works - Public Works		Electrification of Households in Mkhuhlu (Malubane) (349)			Yes	Community	Transmission & Reticulation				3 837	
Municipal Works - Public Works		Electrification of Households in Mountain View (42)			Yes	Community	Transmission & Reticulation				462	

**Municipal Works – Refuse / Waste Management**

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
									Audited Outcome 2010/11	Current Year 2011/12 Full Year	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
R thousand	4				6	3	3								
Municipal Works - Refuse		BLMM015 Purchase of Refuse Compactor truck			Yes	Infrastructure other	Specialised Vehicle Refuse		–		1 000	–	–		new
Municipal Works - Refuse		BLMWD003 Implementation of Waste Management Plan			Yes	Infrastructure other	Waste Management		1 000	1 000	500	800	–		new
Municipal Works - Refuse		BLMWD012 Rehabilitation and development of Landfill sites MK			Yes	Infrastructure other	Waste Management		2 000	2 000	1 000	2 000	–		new
Municipal Works - Refuse		BLMWD013 Waste transfer Station			Yes	Infrastructure other	Waste Management		500	500	–	500	–		new
Municipal Works - Refuse		BLMWD001 Construction of Waste Disposal Site in Acornhoek			Yes	Infrastructure other	Waste Management		–		–	200	–		new
Municipal Works - Refuse		BLMWD002 Construction of Waste Disposal Site in Agincourt			Yes	Infrastructure other	Waste Management		–		–	2 000	–		new
Municipal Works - Refuse		BLMWD004 Construction of Waste Disposal Site in Casteel			Yes	Infrastructure other	Waste Management		–		–	2 000	–		new
Municipal Works - Refuse		BLMWD005 Construction of Waste Disposal Site in Dwarsloop			Yes	Infrastructure other	Waste Management		–		–	2 000	–		new
Municipal Works - Refuse		BLMWD006 Construction of Waste Disposal Site in Hluvukani			Yes	Infrastructure other	Waste Management		–		–	2 000	–		new
Municipal Works - Refuse		BLMWD007 Construction of Waste Disposal Site in Lillydale			Yes	Infrastructure other	Waste Management		–		–	2 000	–		new
Municipal Works - Refuse		BLMWD008 Construction of Waste Disposal Site in Mariti			Yes	Infrastructure other	Waste Management		–		–	2 000	–		new
Municipal Works - Refuse		BLMWD009 Construction of Waste Disposal Site in Maviljan			Yes	Infrastructure other	Waste Management		–		–	2 000	–		new
Municipal Works - Refuse		BLMWD010 Construction of Waste Disposal Site in Shatale			Yes	Infrastructure other	Waste Management		–		–	2 000	–		new
Municipal Works - Refuse		BLMWD011 Construction of Waste Disposal Site in Thulamahashe			Yes	Infrastructure other	Waste Management		–	1 600	–	2 000	–		new
Municipal Works - Refuse		BLML014 Recycling Centre in Acornhoek fencing			Yes	Infrastructure other	Waste Management				–	1 000	1 000		new
Municipal Works - Refuse		BLMWD054 Fencing of Dumping Sites Casteel Dwarsloop & Sha			Yes	Infrastructure other	Waste Management				800				new
Municipal Works - Refuse		Waste Policy & Implementation Plan			Yes	Infrastructure other	Waste Management					500			new
Sub Total Municipal Works - Refuse									3 500	5 100	3 300	23 000	1 000		new



## Municipal Works – Sanitation / sewerage

Program/Project description	Project number	Individual ly Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
		6				Audited Outcome 2010/11	Current Year 2011/12 Full Year	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renew al
BLMS001 Construction of sewerage plant in Acornhoek	BLMS001	Yes	Infrastructure Sewerage	Waste Management		20 000	25 000	3 500	–	–		new
BLMS002 Rural sanitation all regions	BLMS002	Yes	Infrastructure Sewerage	Waste Management		30 000	42 000	38 000	27 500	31 263		new
BLMS003 Upgrade Sewerage plant in Dwarsloop	BLMS003	Yes	Infrastructure Sewerage	Waste Management		–	3 500	2 000	6 500	8 000		new
BLMS004 Sewerage Reticulation in Dwarsloop	BLMS004	Yes	Infrastructure Sewerage	Waste Management		–	1 500		1 500	–		new
BLMS005 Upgrading of Sewerage Treatment works in T	BLMS005	Yes	Infrastructure Sewerage	Waste Management		25 000	8 500	15 000	10 000	5 000		new
BLMS006 Sewerage Reticulation in Shatale	BLMS006	Yes	Infrastructure Sewerage	Waste Management		–			2 500	2 500		new
BLMS007 Refurbishment of sewerage system in Thulani	BLMS007	Yes	Infrastructure Sewerage	Waste Management		8 000	7 500	3 000	11 500	–		new
BLMS008 Refurbishment of sewerage reticulation	BLMS008	Yes	Infrastructure Sewerage	Waste Management		–	2 500	–	5 500	6 150		new
BLMS009 Installation of	BLMS009	Yes	Infrastructure Sewerage	Waste Management		2 000			–	–		new
BLMS010 Extension of sewerage reticulation in maviljan	BLMS010	Yes	Infrastructure Sewerage	Waste Management		–	250	–	3 500	3 651		new
BLMS011 Sewer reticulation in Acornhoek and surrounding	BLMS011	Yes	Infrastructure Sewerage	Reticulation		–	4 500	–	3 000	–		new
BLMS012 Construction of Pit Latrine Toilets in Hluvukani	BLMS012	Yes	Infrastructure Sewerage	Waste Management				–				new
sewerage						85 000	95 250	61 500	71 500	56 564		new

## Municipal Works – PMU

Municipal Vote/Capital project	Ref	Program/Project description	Project number	Individual ly Approved (Yes/No)	Asset Class	Asset Sub-Class	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			6	3	3		Audited Outcome 2010/11	Current Year 2011/12 Full Year	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
Municipal Works		BLMM015 Jetting Machine	BLMM015	Yes	Specialised Vehic	Specialised Vehicles		500			–	–		new
Municipal Works		BLMM018 Purchase of Heavy Machinery	BLMM018	Yes	Vehicles			7 000	3 500	3 000	8 500	9 100		new
Municipal Works		BLMSP004 Sport Facilities in Ximungwe		Yes	Community	Recreational Facilities		1 000	300	–	1 000	–		new
Municipal Works		BLMSP008 Construction of sport facility in casteel		Yes	Community	Recreational Facilities		1 000	200	1 000	2 000	2 000		new
Municipal Works		BLMSP009 Sport Facility Dwarssloop		Yes	Community	Recreational Facilities		–	200	–	1 500	2 000		new
Municipal Works		BLMSP010 Hluwukani Stadium		Yes	Community	Sportsfields & stadia					2 000			new
Municipal Works		BLMSP011 Sport facility Marite		Yes	Community	Recreational Facilities		–	200	–	1 500	1 500		new
Municipal Works		BLMSP012 Mkhuhlu stadium phase 3		Yes	Community	Sportsfields & stadia		3 000	250	–	1 852	–		new
Municipal Works		BLMSP016 Fencing and lighting of thulamahashe sta		Yes	Community	Sportsfields & stadia		2 000	1 000	1 000	2 000	2 102		new
Municipal Works		BLMT001 - Construction of learners class room in Sh		Yes	Community	Other Buildings		–	250	250	2 500	2 500		new
Municipal Works		BLMT002 - Fencing and construction of DLTC in acor		Yes	Community	Other Buildings		200	500	2 500	6 000	6 000		new
Municipal Works		BLMT003 - Contruction of waiting area in Acornhoek		Yes	Community	Pavements		200		–	200	–		new
Municipal Works		BLMT004 - Contruction of DLTC in Hluwukani Phase 2		Yes	Community	Other Buildings		1 500	500	2 000	2 000	–		new
Municipal Works		BLMT006 Construction of VTS Mapulaneng DLTC str		Yes	Community	Other Buildings		500	–	200	1 200	–		new
Municipal Works		BLMT007 Construction of Multi nodal Taxi facilities		Yes	Community	Pavements		1 200	100		–	–		new
Municipal Works		BLMT008 - Upgrade of VTS Mhala DLTC		Yes	Community	Other Buildings		1 500	1 700	–	2 000	–		new
Municipal Works		BLMT009- Construction of parking lot at MHALA		Yes	Community	Pavements				–	800			new
Municipal Works		BLMT010 Intergrated Transport Plan		Yes	Community	Transportation		500		–	2 150	2 653		new
Municipal Works		DLTC HluwukaniMkhuhlu		Yes	Community	Other Buildings		1 500			–	–		new
Municipal Works		Dwarssloop Sportfield		Yes	Community	Sportsfields & stadia		1 000			–	–		new
Municipal Works		Hymast Lights		Yes	Community	Street Lightning		3 500	6 000	2 000	6 000	7 000		new
Municipal Works		CIP Development		Yes	Community					500				new
Municipal Works		Fire & Rescue - Fire Fighting Emergency Truck		Yes	Specialised Vehic	Specialised vehicles - Fire				3 000				new
Municipal Works		Mathibela Marite Sportf		Yes	Community	Sportsfields & stadia		1 000			–	–		new
Municipal Works		Kruger National Park Projects MIG)		Yes	Community	Parks & gardens				–	2 200			new
Sub Total Municipal Works								27 100	14 700	15 450	45 402	34 855		new

## Municipal Works – Water &amp; Roads detailed projects – See Attached Annexure B

Table 53 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/Capital project	Project name	Project number	Asset Class 3	Asset Sub- Class 3	GPS co- ordinates 4	Previous target year to Year	Current Year		2012/13 Medium Term		
							Original Budget	Full Year Forecast	Budget Year	Budget Year +1	Budget Year +2
R thousand											
<b>Parent municipality:</b>											
<i>List all capital projects grouped by Municipal Vote</i>											
			<i>Examples</i>	<i>Examples</i>							
<b>Dept 005 - Economic Development, Planning and the Environment</b>											
	Formalization/Land Tenure upgrading Kazitha	BLMLU003	Community	Other		2012	500	500	500	1 000	1 080
	Formalization/Land tenure upgrading Tintswalo timbav	BLMLU004	Community	Other		2012	500	250	–	500	–
	Formalization/Land tenure upgrading Phelandaba	BLMLU005	Community	Other		2012	500	500	–	1 000	500
	Formalization/Land tenure upgrading Agincourt	BLMLU006	Community	Other		2012	500	250	150	500	500
	Servicing of Sites Malubane	BLMLU030	Community			2014	15 000	–	7 000	20 000	30 000
<b>Dept 006 - Community Support Services</b>											
	Fencing of cemeteries - All Regions	BLMC034	Community	Cemeteries		2015	1 000	–	1 000	8 000	8 000
<b>Dept 015 - Municipal Works - Water</b>											
	BLMW003 - Water reticulation Marite	BLMW003	Infrastructure - Water	Reticulation		2011	1 500	300	–	3 000	–
	BLMW019 Reticulation and yard meter connection in	BLMW019	Infrastructure - Water	Reticulation		2011	2 500	250	800	3 000	–
	BLMW020 - Reticulation and yardmeter connection in	BLMW020	Infrastructure - Water	Reticulation		2011	–	–	–	–	3 000
	BLMW021 - Reticulation and yardmeter connection in	BLMW021	Infrastructure - Water	Reticulation		2012	4 000	500	–	3 000	–
	BLMW029 - Water Reticulation in Matsikitsane Fenyar	BLMW029	Infrastructure - Water	Reticulation		2011	600	150	1 000	1 000	–
	BLMW042 Water reticulation in Moloro	BLMW042	Infrastructure - Water	Reticulation		2011	500	150	700	500	–
	BLMW043 Water reticulation in Nkotobane	BLMW043	Infrastructure - Water	Reticulation		2011	500	150	700	500	–
	BLMW075 Reticulation and yardmeter connection in	BLMW075	Infrastructure - Water	Reticulation		2012	3 000	350	–	3 000	3 000
	BLMW081 Reticulation & Yard Meter Connection Irea	BLMW081	Infrastructure - Water	Reticulation		2012	3 500	500	–	3 000	–
	BLMW091B Installation of pump Station and refurbishm	BLMW091B	Infrastructure - Water	ion & Reticulation		2012	3 500	–	1 500	–	–
	BLMW12011 Water reticulation arthurstone Tshamets	BLMW120	Infrastructure - Water	Reticulation		2012	3 000	350	–	1 500	–
	BLMW136 Water Reticulation in Clare	BLMW136	Infrastructure - Water	Reticulation		2011	1 000	100	1 000	1 000	–
	BLMW137 Refurbishment of bulk pipe in Englington B	BLMW137	Infrastructure - Water	ms & Reserv oirs			–	–	–	–	–
	BLMW140 Reticulation & Yard meter Connection in Hl	BLMW140	Infrastructure - Water	Reticulation		2011	3 000	250	–	2 000	–
	BLMW196 Water reticulation Mariti Carlton	BLMW196	Infrastructure - Water	Reticulation		2012	3 500	400	1 000	5 000	5 000
	BLMW202 Constr of concrete reserv oir Mkhuhlu Cor	BLMW202	Infrastructure - Water	ms & Reserv oirs		2011	3 000	250	–	2 000	–
	BLMW203 Constr of bulk pipe frm reservoir to cork Ju	BLMW203	Infrastructure - Water	ms & Reserv oirs			–	–	–	–	–
	BLMW203B Water Reticulation in Bukuta	BLMW203B	Infrastructure - Water	Reticulation		2011	3 000	300	–	3 000	–
	BLMW204 Water Reticulation Mkhuhlu Thulani	BLMW204	Infrastructure - Water	Reticulation			–	–	1 000	3 000	3 000
	BLMW205 Reticulation & Yard meter Connection Mkh	BLMW205	Infrastructure - Water	Reticulation		2011	2 000	500	1 000	4 000	–
	BLMW250 Reticulation and yardmeter connection Th	BLMW250	Infrastructure - Water	Reticulation		2012	3 000	500	–	3 000	–
	BLMW258 Reticulation and yard meter connection in	BLMW258	Infrastructure - Water	Reticulation		2012	3 000	250	–	4 000	3 000
	BLMW259 Water reticulation in Thulamahashe dumo	BLMW259	Infrastructure - Water	Reticulation		2012	3 000	250	–	–	–
	BLMW260 Water Reticulation in Thulamahashe MP S	BLMW260	Infrastructure - Water	Reticulation		2012	3 000	250	1 500	4 000	3 000
	BLMW261 Water reticualtion in Kumana	BLMW261	Infrastructure - Water	Reticulation		2012	3 000	250	1 500	4 500	–
	BLMW262 Installation of Elevated tank Thulamahashe	BLMW262	Infrastructure - Water	Water purification		2012	3 000	250	–	3 000	–

Table 54 MBRR SA37 - Projects delayed from previous financial year

Municipal Vote/ Capit R thousand	Ref.	Project name	Project number	Asset Class 3	Asset Sub-Class 3	Previous target year to complete	Current Year 2011/12		2012/13 Medium Term Revenue &		
	1,2						Original Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	Year										
		Dept 016 - Municipal Works - Roads									
		BLMR002 Rehabilitation and maintenance of road from B	BLMR002	- Road transport	Roads, Pavements & Bridges	2012	4 000	600	4 000	8 500	
		BLMR005 Tarring of road from Nkomo to Andover	BLMR005	- Road transport	Roads, Pavements & Bridges		-		-	7 000	10 000
		BLMR007 Tarring of road from Buffelshoek to Tsuvulani	BLMR007	- Road transport	Roads, Pavements & Bridges	2012	5 000	750	1 000	21 000	21 000
		BLMR009 Tarring of road from Green valley to Salique Ph	BLMR009	- Road transport	Roads, Pavements & Bridges		-		-	-	-
		BLMR010 Construction of road approaches powerline	BLMR010	- Road transport	Roads, Pavements & Bridges	2011	2 500	500	1 500	2 500	-
		BLMR015 Construction of Bridge Ben Matlhuse to lembisa	BLMR015	- Road transport	Roads, Pavements & Bridges	2012	6 000	1 000	-	6 000	
		BLMR023 Construction of Bridge from Ka-Jeke to Freddy	BLMR023	- Road transport	Roads, Pavements & Bridges	2012	4 000	750	2 000	5 000	-
		BLMR024 Tarring of Internal streets Dwarssloop	BLMR024	- Road transport	Roads, Pavements & Bridges	2011	3 000	600	4 000	-	-
		BLMR025 Construction of bridge from Clare A to Hluvu	BLMR025	- Road transport	Roads, Pavements & Bridges		-		-	3 500	-
		BLMR026 Opening of entrance street from main road to D	BLMR026	- Road transport	Roads, Pavements & Bridges	2011	1 500	300	-	3 000	-
		BLMR043 Paving of road from Brantan ( Alexandria) to Gr	BLMR043	- Road transport	Roads, Pavements & Bridges	2012	5 000	850	-	5 000	-
		BLMR044 Tarring of Road from Jim Brown to Tsakane Ph	BLMR044	- Road transport	Roads, Pavements & Bridges		-		-	15 000	35 000
		BLMR045 Cargo Inn to Cross road	BLMR045	- Road transport	Roads, Pavements & Bridges	2012	3 000	500	-	1 500	-
		BLMR048 Tarring of road from Thusanang to Marongwar	BLMR048	- Road transport	Roads, Pavements & Bridges	2011	4 000	700	-	5 400	5 400
		BLMR049 Paving of Road Ridzani High School to main ro	BLMR049	- Road transport	Roads, Pavements & Bridges		-		-	5 000	-
		BLMR050 Paving of Road Lamelalanil High School to mai	BLMT050	- Road transport	Roads, Pavements & Bridges		-		-	4 000	-
		BLMR051 Tarring of road Halemela	BLMR051	- Road transport	Roads, Pavements & Bridges	2011	3 000	400	-	2 000	-
		BLMR060 Construction of overhead bridge	BLMR060	- Road transport	Roads, Pavements & Bridges	2010	9 000	500	-	9 000	-
		BLMR061 Tarring of Internal Streets Maviljan	BLMR061	- Road transport	Roads, Pavements & Bridges	2011	2 500	500	4 000	-	-
		BLMR067 D3973 Tarring of road from Hoxani to Goromar	BLMR067	- Road transport	Roads, Pavements & Bridges	2012	4 500	400	-	4 500	4 500
		BLMR083 Tarring of road Violet Bank to Madjembeni via T	BLMR083	- Road transport	Roads, Pavements & Bridges	2012	7 000	1 000	-	3 000	6 300
		BLMR084 Tarring of road from Serishe to Magraskop grav	BLMR084	- Road transport	Roads, Pavements & Bridges		-		-	5 000	5 000
		BLMR085 Tarring of road to Shatale internal street	BLMR085	- Road transport	Roads, Pavements & Bridges		-		-	-	-
		BLMR087 D4392:Road from Rolle A to Dumphries B	BLMR087	- Road transport	Roads, Pavements & Bridges		-		-	6 700	6 700
		BLMR091 Tarring of Internl street thulamahashe	BLMR091	- Road transport	Roads, Pavements & Bridges	2011	2 000	350	4 000		
		BLMR100 Tarring of road T-junction to mountainview	BLMR100	- Road transport	Roads, Pavements & Bridges	2011	3 000	500	-	3 000	2 500
		BLMR101 Tarring of road from casteel george to lembisa	BLMR101	- Road transport	Roads, Pavements & Bridges	2011	3 000	500	-	5 000	-
		BLMR104 Tarring of road frm Mapaleng to Chayaza High	BLMR104	- Road transport	Roads, Pavements & Bridges	2012	5 000	750	-	5 000	-
		BLMR105 Tarring of road Calcutta A to Mapaleng	BLMR105	- Road transport	Roads, Pavements & Bridges		-		-	3 000	-
		BLMR106 Storm water drainage from shatale to thabakgol	BLMR106	- Road transport	Storm water	2011	2 000	350	1 500	2 500	-
		Dept 018 - Municipal Works - Sewerage									
		BLMS010 Extension of sewerage reticulation in maviljan	BLMS010	ecture - Sanitation	Sewerage purification	2012	3 000	250	-	3 500	3 651
		Dept PMU - Municipal Works									
		BLMSP004 Sport Facilities in Ximungwe	BLMSP004	Community	Sportsfields & stadia	2011	1 000	300		1 000	
		BLMSP008 Construction of sport facility in casteel	BLMSP008	Community	Sportsfields & stadia	2011	1 000	200	1 000	2 000	2 000
		BLMSP009 Sport Facility Dwarssloop	BLMSP009	Community	Sportsfields & stadia	2011	1 000	200	-	1 500	2 000
		BLMSP011 Sport facility Marite	BLMSP011	Community	Sportsfields & stadia	2012	1 000	200	-	1 500	1 500
		BLMSP012 Mkhuhlu stadium phase 3	BLMSP012	Community	Sportsfields & stadia	2012	3 000	250	-	1 852	-
		BLMT001 - Construction of learners class room in Shatale	BLMT001	structure - Other	Other Buildings	2012	1 000	250	250	2 500	2 500
		BLMT002 - Fencing and construction of DLTC in acornhoe	BLMT002	structure - Other	Other Buildings	2012	4 000	500	2 500	6 000	6 000
		BLMT003 - Contruction of waiting area in Acornhoek	BLMT003	structure - Other	Other Buildings		-		-	200	-
		BLMT004 - Contruction of DLTC in Hluvukeni Phase 2	BLMT004	structure - Other	Other Buildings	2011	2 000	500	2 000	2 000	-

## 2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department, of which two of them have been seconded through to the municipality by our District Municipality (Ehlanzeni). The municipality still in a process of appointing all the interns on a permanent basis as required by National Treasury.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document will be finalised and be directly aligned and informed by the 2012/13 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 2.14 Other supporting documents

Table 55 MBRR Table SA1 - Supporting detail to budgeted financial performance

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>									
<b>REVENUE ITEMS:</b>									
<b>Property rates</b>									
Total Property Rates	13 075	41 449	286 527	287 714	149 714	149 714	97 564	404 660	443 209
less Revenue Foregone				6 119	6 119	6 119	6 608	7 137	7 695
<b>Net Property Rates</b>	<b>13 075</b>	<b>41 449</b>	<b>286 527</b>	<b>281 595</b>	<b>143 595</b>	<b>143 595</b>	<b>90 956</b>	<b>398 052</b>	<b>436 072</b>
<b>Service charges - water revenue</b>									
Total Service charges - water	13 394	16 461	15 722	48 607	38 597	38 597	30 875	69 194	76 743
less Revenue Foregone				3 112	3 112	3 112	3 875	4 125	4 655
<b>Net Service charges - water</b>	<b>13 394</b>	<b>16 461</b>	<b>15 722</b>	<b>45 495</b>	<b>35 485</b>	<b>35 485</b>	<b>30 875</b>	<b>65 319</b>	<b>72 618</b>
<b>Service charges - sanitation revenue</b>									
Total Service charges - sanitation	2 104	2 346	2 640	2 415	2 415	2 415	2 137	2 900	3 007
less Revenue Foregone				163	163	163	201	269	311
<b>Net Service charges - sanitation</b>	<b>2 104</b>	<b>2 346</b>	<b>2 640</b>	<b>2 252</b>	<b>2 252</b>	<b>2 252</b>	<b>2 137</b>	<b>2 699</b>	<b>2 738</b>
<b>Service charges - refuse revenue</b>									
Total refuse removal revenue	2 565	2 796	3 103	2 940	2 940	2 940	2 923	3 615	3 749
Total landfill revenue									
less Revenue Foregone				113	113	113	169	201	247
<b>Net Service charges - refuse</b>	<b>2 565</b>	<b>2 796</b>	<b>3 103</b>	<b>2 827</b>	<b>2 827</b>	<b>2 827</b>	<b>2 754</b>	<b>3 414</b>	<b>3 502</b>
<b>Other Revenue by source</b>									
Dept 001 Finance Revenue	1 016	2 540	614	15 765	5 515	5 515	625	5 996	6 697
Dept 002 Corporate Services	849	1 943	2 659	3 025	3 034	3 034	2 558	3 553	3 846
Dept 013 Traffic Licensing, DL	7 784	—	—	—	—	—	5 650	13 225	13 793
Dept 014 Municipal works, Pla	25	73	85	92	77	77	96	100	108
<b>Total 'Other' Revenue</b>	<b>9 675</b>	<b>4 556</b>	<b>3 358</b>	<b>18 882</b>	<b>8 626</b>	<b>8 626</b>	<b>8 929</b>	<b>22 874</b>	<b>24 444</b>
<b>EXPENDITURE ITEMS:</b>									
<b>Employee related costs</b>									
Basic Salaries and Wages	75 538	112 277	128 663	142 647	139 147	139 147	133 623	156 911	172 603
Pension and UIF Contributions	14 183	19 515	23 683	26 531	26 531	26 531	27 276	32 129	35 486
Medical Aid Contributions	3 912	4 373	5 643	6 569	6 569	6 569	6 456	7 980	8 163
Overtime	1 419	857	1 565	1 619	1 619	1 619	400	890	1 959
Performance Bonus	—	—	1 050	3 300	—	—	—	4 750	4 987
Motor Vehicle Allowance	—	—	—	—	3 500	3 500	5 800	8 600	9 700
Cellphone Allowance	1 628	1 927	1 950	2 100	2 100	2 100	1 105	2 315	2 398
Housing Allowances	170	238	668	209	209	209	219	230	253
Other benefits and allowances	—	—	—	—	200	200	370	470	502
Payments in lieu of leave	3 398	1 587	4 593	827	577	577	871	909	1 000
Long service awards									
Post-retirement benefit obligations									
<b>sub-total</b>	<b>100 248</b>	<b>140 774</b>	<b>167 813</b>	<b>183 802</b>	<b>180 452</b>	<b>180 452</b>	<b>176 120</b>	<b>215 185</b>	<b>237 051</b>
Less: Employees costs capitalised to PPE									
<b>Total Employee related costs</b>	<b>100 248</b>	<b>140 774</b>	<b>167 813</b>	<b>183 802</b>	<b>180 452</b>	<b>180 452</b>	<b>176 120</b>	<b>215 185</b>	<b>237 051</b>
<b>Contributions recognised - capital</b>									
<b>Depreciation &amp; asset impairment</b>									
Depreciation of Property, Plant	33 129	44 320	49 871	51 000	51 000	51 000	34 100	67 000	73 000
Lease amortisation									
Capital asset impairment									
Depreciation resulting from revaluation of PPE									
<b>Total Depreciation &amp; asset im</b>	<b>33 129</b>	<b>44 320</b>	<b>49 871</b>	<b>51 000</b>	<b>51 000</b>	<b>51 000</b>	<b>34 100</b>	<b>67 000</b>	<b>73 000</b>
<b>Bulk purchases</b>									
Electricity Bulk Purchases									
Water Bulk Purchases	71 689	78 930	93 140	91 000	91 000	91 000	90 000	108 000	116 000
<b>Total bulk purchases</b>	<b>71 689</b>	<b>78 930</b>	<b>93 140</b>	<b>91 000</b>	<b>91 000</b>	<b>91 000</b>	<b>90 000</b>	<b>108 000</b>	<b>116 000</b>
<b>Transfers and grants</b>									
<b>Contracted services</b>									
<i>List services provided by contract</i>									
Thengo Security Services				1 465	1 465	1 465	1 465		
Kamikaze Security Services				2 532	2 532	2 532	2 532		
Bheki / Herrexel Security Services				1 466	1 466	1 466	1 466		
Juslo Security services				1 336	1 336	1 336	1 336		
Insurance Cost	1 860	2 255	3 030	3 150	3 350	3 350	3 410	3 455	3 498
<b>sub-total</b>	<b>1 860</b>	<b>2 255</b>	<b>3 030</b>	<b>9 950</b>	<b>10 150</b>	<b>10 150</b>	<b>10 210</b>	<b>3 455</b>	<b>3 498</b>
<b>Total contracted services</b>	<b>1 860</b>	<b>2 255</b>	<b>3 030</b>	<b>9 950</b>	<b>10 150</b>	<b>10 150</b>	<b>10 210</b>	<b>3 455</b>	<b>3 498</b>
<b>Other Expenditure By Type</b>									
Collection costs	6 497	2 802	0	1 100	200	200	—	1 200	800
Contributions to 'other' provisions									
Consultant fees	3 379	2 680	2 771	3 250	3 250	3 250	—	—	—
Audit fees	578	1 188	1 665	2 105	1 405	1 405	1 700	1 850	1 920
General expenses									
<i>List Other Expenditure by Type</i>									
<b>Total 'Other' Expenditure</b>	<b>10 454</b>	<b>6 669</b>	<b>4 437</b>	<b>6 455</b>	<b>4 855</b>	<b>4 855</b>	<b>1 700</b>	<b>3 050</b>	<b>2 720</b>
<b>Repairs and Maintenance by Expenditure Item</b>									
Employee related costs									
Other materials									
Contracted Services									
Other Expenditure	50 628	49 396	85 499	62 257	61 157	61 157	46 516	70 402	76 935
<b>Total Repairs and Maintenance</b>	<b>50 628</b>	<b>49 396</b>	<b>85 499</b>	<b>62 257</b>	<b>61 157</b>	<b>61 157</b>	<b>46 516</b>	<b>70 402</b>	<b>76 935</b>

**Table 56 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

Description	Dept 001 - Finance	Dept 002 - Corporate services	Dept 004 - Internal Audit	Dept 005 - Economic Development, Planning & Infrastructure	Dept 006 - Community Support Services	Dept 008 - Office of the Municipality	Dept 009 - Office of the Speaker	Dept 010 - Office of the Mayor	Dept 013 - Community Support Services	Dept 014 - Municipal Works - Public Works	Dept 015 - Municipal Works - Water	Dept 016 - Municipal Works - Roads	Dept 017 - Municipal Works - Refuse	Dept 018 - Municipal Works - Sewerage	Dept PMU - Municipal Works	Total
R thousand																
<b>Revenue By Source</b>																
Property rates		90 956														90 956
Property rates - penalties & collection charges																-
Service charges - electricity revenue																-
Service charges - water revenue											30 875					30 875
Service charges - sanitation revenue													2 754	2 137		2 137
Service charges - refuse revenue																2 754
Service charges - other	8 929															8 929
Rental of facilities and equipment		406														406
Interest earned - external investments	1 712															1 712
Interest earned - outstanding debtors	1 950															1 950
Dividends received																-
Fines										930						930
Licences and permits																-
Agency services									7 500							7 500
Other revenue	8 929															8 929
Transfers recognised - operational	437 324	-	-	-	-	-	9 012			-	29 186				-	475 522
Gains on disposal of PPE																-
<b>Total Revenue (excluding capital transfers)</b>	<b>458 844</b>	<b>91 362</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 012</b>	<b>-</b>	<b>8 430</b>	<b>-</b>	<b>60 061</b>	<b>-</b>	<b>2 754</b>	<b>2 137</b>	<b>-</b>	<b>632 600</b>
<b>Expenditure By Type</b>																
Employee related costs		176 120														176 120
Remuneration of councillors						18 318										18 318
Debt impairment	37 000															37 000
Depreciation & asset impairment										34 100						34 100
Finance charges	178															178
Bulk purchases											90 000					90 000
Other materials										120 610						120 610
Contracted services					10 210											10 210
Transfers and grants																-
Other expenditure		1 700														1 700
Loss on disposal of PPE																-
<b>Total Expenditure</b>	<b>37 178</b>	<b>177 820</b>	<b>-</b>	<b>-</b>	<b>10 210</b>	<b>18 318</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154 710</b>	<b>90 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>488 236</b>
<b>Surplus/(Deficit)</b>	<b>421 666</b>	<b>(86 458)</b>	<b>-</b>	<b>-</b>	<b>(10 210)</b>	<b>(18 318)</b>	<b>9 012</b>	<b>-</b>	<b>8 430</b>	<b>(154 710)</b>	<b>(29 939)</b>	<b>-</b>	<b>2 754</b>	<b>2 137</b>	<b>-</b>	<b>144 364</b>
Transfers recognised - capital				3 000						41 412	78 585				286 020	409 017
Contributions recognised - capital																-
Contributed assets																-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>421 666</b>	<b>(86 458)</b>	<b>-</b>	<b>3 000</b>	<b>(10 210)</b>	<b>(18 318)</b>	<b>9 012</b>	<b>-</b>	<b>8 430</b>	<b>(113 298)</b>	<b>48 646</b>	<b>-</b>	<b>2 754</b>	<b>2 137</b>	<b>286 020</b>	<b>553 381</b>

Table 57 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<b>R thousand</b>									
<b>ASSETS</b>									
<b>Call investment deposits</b>									
Call deposits < 90 days	28 686	850	1 999	5 959	4 399	4 399	4 399	4 399	4 399
Other current investments > 90 days									
<b>Total Call investment deposits</b>	<b>28 686</b>	<b>850</b>	<b>1 999</b>	<b>5 959</b>	<b>4 399</b>	<b>4 399</b>	<b>4 399</b>	<b>4 399</b>	<b>4 399</b>
<b>Consumer debtors</b>									
Consumer debtors	96 080	143 573	410 092	64 533	70 085	70 085	82 882	92 029	125 359
Less: Provision for debt impairment	(48 500)	(130 550)	(369 427)	(56 000)	(56 000)	(56 000)	(37 000)	(74 000)	(81 000)
<b>Total Consumer debtors</b>	<b>47 580</b>	<b>13 023</b>	<b>40 665</b>	<b>8 533</b>	<b>14 085</b>	<b>14 085</b>	<b>45 882</b>	<b>18 029</b>	<b>44 359</b>
<b>Debt impairment provision</b>									
Balance at the beginning of the year		30 621	238 877	(369 427)	(369 427)	(369 427)	(419 427)	(475 427)	(534 427)
Contributions to the provision				(12 000)	(50 000)	(50 000)	(56 000)	(59 000)	(64 500)
Bad debts written off		213	–						
<b>Balance at end of year</b>	<b>–</b>	<b>30 834</b>	<b>238 877</b>	<b>(381 427)</b>	<b>(419 427)</b>	<b>(419 427)</b>	<b>(475 427)</b>	<b>(534 427)</b>	<b>(598 927)</b>
<b>Property, plant and equipment (PPE)</b>									
PPE at cost/valuation (excl. finance lease)	545 682	373 199	1 111 373	1 550 444	1 552 754	1 552 754	2 234 012	2 901 466	3 513 870
Leases recognised as PPE									
Less: Accumulated depreciation	33 672	44 320	49 871	158 597	97 871	97 871	97 871	148 871	202 871
<b>Total Property, plant and equipment</b>	<b>512 010</b>	<b>328 879</b>	<b>1 061 502</b>	<b>1 391 848</b>	<b>1 454 883</b>	<b>1 454 883</b>	<b>2 136 141</b>	<b>2 752 595</b>	<b>3 310 999</b>
<b>LIABILITIES</b>									
<b>Current liabilities - Borrowing</b>									
Short term loans (other than bank overdraft)									
Current portion of long-term liabilities									
<b>Total Current liabilities - Borrowing</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Trade and other payables</b>									
Trade and other creditors		272 773	393 273	289 331	263 417	263 417	352 632	401 261	278 214
Unspent conditional transfers		45 400	94 679	49 276	49 276	49 276	30 115	29 145	36 426
VAT									
<b>Total Trade and other payables</b>	<b>–</b>	<b>318 173</b>	<b>487 952</b>	<b>338 607</b>	<b>312 693</b>	<b>312 693</b>	<b>382 747</b>	<b>430 406</b>	<b>314 640</b>
<b>Non current liabilities - Borrowing</b>									
Borrowing									
Finance leases (including PPP asset element)									
<b>Total Non current liabilities - Borrowing</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Provisions - non-current</b>									
Retirement benefits									
List other major provision items									
Refuse landfill site rehabilitation									
Other									
<b>Total Provisions - non-current</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>CHANGES IN NET ASSETS</b>									
<b>Accumulated Surplus/(Deficit)</b>									
Accumulated Surplus/(Deficit) - opening balance									
GRAP adjustments									
Restated balance	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	56 026	146 074	30 093	575 416	406 232	406 232	534 826	669 910	738 818
Appropriations to Reserves									
Transfers from Reserves									
Depreciation offsets									
Other adjustments									
<b>Accumulated Surplus/(Deficit)</b>	<b>56 026</b>	<b>146 074</b>	<b>30 093</b>	<b>575 416</b>	<b>406 232</b>	<b>406 232</b>	<b>534 826</b>	<b>669 910</b>	<b>738 818</b>
<b>Reserves</b>									
Housing Development Fund									
Capital replacement									
Self-insurance									
Other reserves									
Revaluation									
<b>Total Reserves</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>56 026</b>	<b>146 074</b>	<b>30 093</b>	<b>575 416</b>	<b>406 232</b>	<b>406 232</b>	<b>534 826</b>	<b>669 910</b>	<b>738 818</b>
Total capital expenditure includes expenditure on nationally significant priorities:									



**Table 58 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year	2012/13 Medium Term Revenue & Expenditure		
					Outcome	Outcome	Outcome	Original Budget	2012/13	2013/14	2014/15
<b>Demographics</b>											
Population	Stats	540	498	510	511	512	514	515	516	517	519
Females aged 5 - 14	Stats	36	38	39	40	41	42	43	44	45	46
Males aged 5 - 14	Stats	35	39	38	39	40	41	42	43	44	45
Females aged 15 - 34	Stats	13	17	16	16	17	17	18	18	18	19
Males aged 15 - 34	Stats	8	10	11	11	12	12	12	12	13	13
Unemployment	Stats	36	49	67	67	69	70	72	74	75	77
<b>Monthly household income (no. of households)</b>											
No income	Stats		49 816	58 816	62 786	67 024	71 548	71 584	71 620	71 656	71 691
R1 - R1 600	Stats		75 814	82 410	87 972	89 292	90 631	91 991	93 371	94 771	96 193
R1 601 - R3 200	Stats		8 162	8 872	9 471	9 613	9 757	9 904	10 052	10 203	10 356
R3 201 - R6 400	Stats		5 395	5 864	6 260	6 354	6 449	6 546	6 644	6 744	6 845
R6 401 - R12 800	Stats		1 161	1 262	1 347	1 367	1 388	1 409	1 430	1 451	1 473
R12 801 - R25 600	Stats		196	213	227	231	234	238	241	245	249
R25 601 - R51 200	Stats		162	176	188	191	194	197	200	203	206
R52 201 - R102 400	Stats		133	145	154	165	176	188	200	214	228
R102 401 - R204 800	Stats		252	274	292	312	333	356	380	405	433
R204 801 - R409 600	Stats		16	19	24	31	39	49	62	79	100
R409 601 - R819 200	Stats		3	4	5	6	7	9	12	15	19
> R819 200	Stats			2	3	3	4	5	7	8	11
<b>Poverty profiles (no. of households)</b>											
< R2 060 per household per month											
<b>Household/demographics (000)</b>											
Number of people in municipal area		540 463	497 958	509 970	511	512	514	515	516	517	519
Number of poor people in municipal area		248 613	229 061	234 586	236	237	238	239	241	242	243
Number of households in municipal area		108 093	99 592	101 994	103	103	104	104	105	105	106
Number of poor households in municipal		49 723	45 812	46 917	47	47	48	48	48	48	49
Definition of poor household (R per					1 100	1 200	1 200	1 300	1 400	1 500	1 600
<b>Housing statistics</b>											
Formal											
Informal											
Total number of households		-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality											
Dwellings provided by province/s											
Dwellings provided by private sector											
Total new housing dwellings		-	-	-	-	-	-	-	-	-	-
<b>Economic</b>											
Inflation/inflation outlook (CPIX)					5.2%	5.5%	6.2%	12.0%	13.0%	13.0%	13.0%
Interest rate - borrowing											
Interest rate - investment					11.2%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Remuneration increases						29.0%	16.0%	9.0%	-2.0%	18.0%	9.0%
Consumption growth (electricity)											
Consumption growth (water)											
<b>Collection rates</b>											
Property tax/service charges					29.0%	33.0%	37.0%	49.0%	56.0%	66.0%	71.0%
Rental of facilities & equipment					39.0%	49.0%	68.0%	74.0%	79.0%	81.0%	82.0%
Interest - external investments					65.0%	69.0%	71.0%	76.0%	81.0%	83.0%	86.0%
Interest - debtors					15.0%	16.0%	18.0%	21.0%	26.0%	36.0%	42.0%
Revenue from agency services					66.0%	71.0%	79.0%	81.0%	84.0%	86.0%	87.0%

**Table 59 MBRR SA32 – List of external mechanisms**

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Thengo Security Services	Mths	36	Provision of Security Services in Shatale Stadium, Dwarsloop, Maviljan, Traffic station, Dwarsloop library, Shatale centre, Revonia, Acornhoek office, edinburg Rooiboklaagte, Mviljan regional office	31 July 2012	4 395
Kamikaze Security Services	Mths	36	Provision of Security services in Head office, Revenue collection, Hluvukani, Maviljan, Casteel Shatale, Acornhoek, Zoeknag, Champagne	31 July 2012	7 596
Bheki / Herrexel Security Service	Mths	36	Provision of Security Services in Mkhuhlu regional office, library, skiet, dumping site, store room 1 & 2 stadium, tennis court, Casteel stadium, Alexandra	31 July 2012	4 399
Juslo Security Services	Mths	36	Provision of Security services in Lillydale office Marite community hall, office & stadium, huntington ximungwe stadium, radio communication	31 July 2012	4 009

## 2.15 Municipal manager's quality certificate

I ....., municipal manager of Bushbuckridge Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

PRINT NAME : \_\_\_\_\_

MUNICIPAL MANAGER:

Bushbuckridge Local Municipality (MP325)

Signature : \_\_\_\_\_

Date : \_\_\_\_\_